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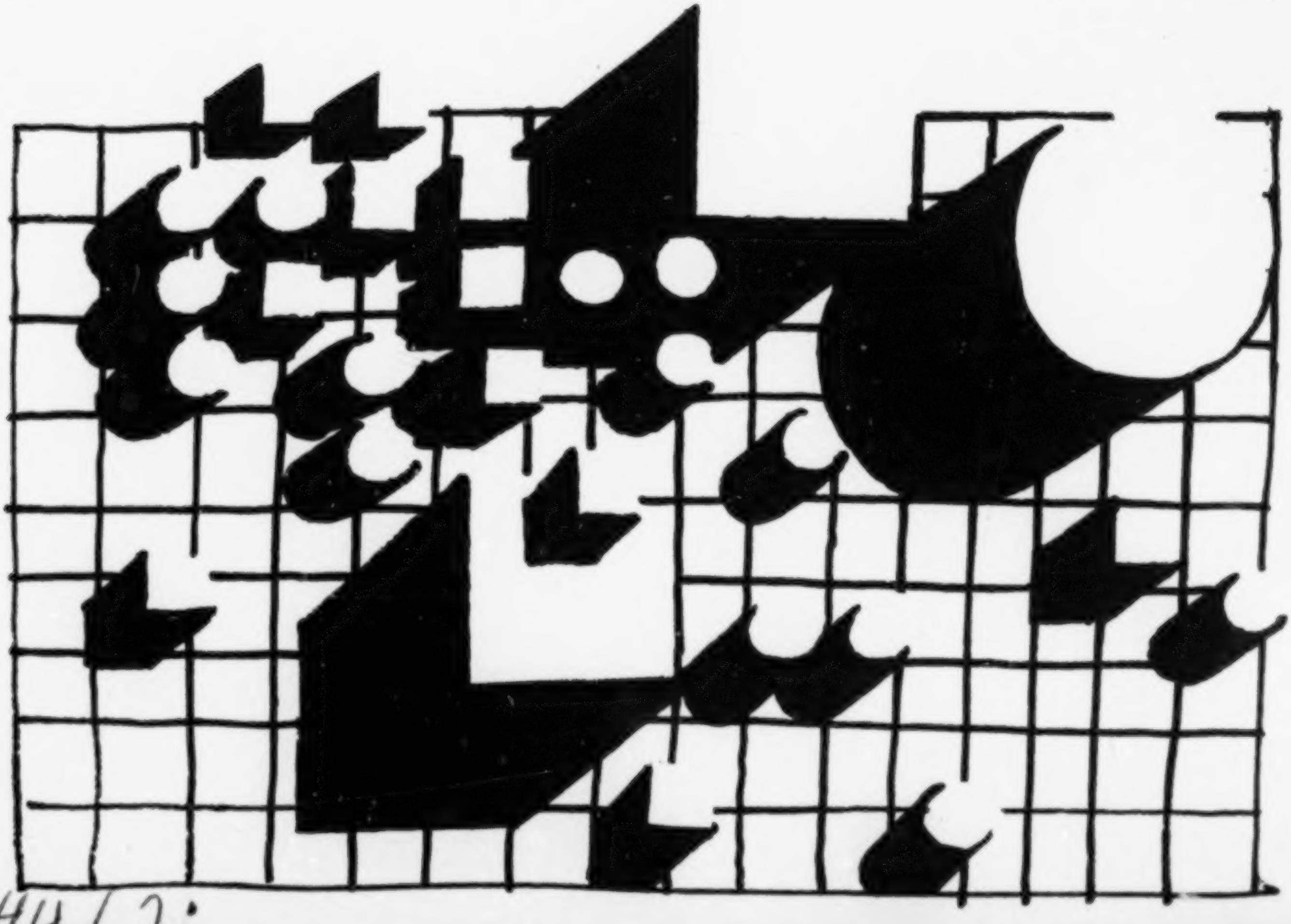
U.S. Department of Housing and Urban Development
Office of Policy Development and Research

Implementing Community Development

A Study of the Community Development Block Grant Program



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Implementing Community Development

A Study of the Community Development Block Grant Program

Prepared by
Brookings Institution

for

U.S. Department of
Housing and Urban
Development
Office of
Policy Development
and Research

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CHAPTER 1

INTRODUCTION

This is the fourth and final report on our research, which began in 1975, of the community development block grant (CDBG). In each of the previous reports we focused on what we saw as the most relevant policy issue during the period covered. The first report highlighted an analysis of the formula allocation system and proposed the establishment of a dual formula.[1] That report also established the key elements necessary to analyze the block grant and distinguish it from its predecessor, categorical grants; the analytical focal points were the local decision process, intergovernmental issues, development priorities, and the distribution of benefits. The second report centered on decentralization and we concluded that after the first 2 years of CDBG more local discretion over program priorities had been achieved, although there were signs that greater Federal involvement would occur as the program matured.[2] In our report on the third and fourth years of the program, the key policy issue was targeting of benefits; we concluded that this policy emphasis of officials of the Department of Housing and Urban Development under the Carter Administration resulted in increased program benefits to lower income groups.[3] The targeting policy also resulted in a greater HUD involvement in local development programs.

In this report, which extends the research to the fifth and sixth years of CDBG, we continue the longitudinal analysis of local decision processes, intergovernmental issues, program choices, and the distribution of benefits. The policy issue we highlight is program implementation or execution. There are three reasons for this choice. First, the program has been in operation long enough to examine how communities are doing in carrying out their programs. We examine the kinds of problems communities confront in executing their programs; we do not judge whether the local programs are appropriate or effective relative to local needs. Second, during the fifth and sixth years HUD began to give increased attention to implementation of local programs. Third, we want to cast our analytical net over all program stages from application through implementation within the context of decentralization, which has been the central theme throughout the 6 years of research. In developing a perspective for viewing the program over 6 years, at times in this report we step back from the data to make general observations about the program and how it works, statements which we believe are valid based on 6 years of research experience rather than being connected to specific data collected.

In examining the 6-year period we also wish to get some insight into whether local processes have tended to become institutionalized--that is, regularized and formalized--and priorities stabilized. Viewed another way, is each year's grant to a community treated like new money, open to all competing claims, or have the program priorities become fixed, discouraging potentially new participants from seeking entry to what has become a relatively closed decisionmaking system?

"Decentralization," "institutionalization," and "stability" are risky analytical terms. They are highly subjective in definition and, as value-laden terms, carry implications of good and bad, depending upon one's point of view. Except for our analysis of the original distribution formula, throughout the 6 years of research we have avoided evaluating CDBG in terms of good or bad policy. We repeat what we said in the first report:

> . . . we see our role as providing uniform and systematic data on the most policy-relevant effects of the program. On this basis readers can decide for themselves whether they think it is a good program--whether it should be continued, expanded, basically reconstituted, or dropped in favor of some other program or no program at all.[4]

As to the program's success or failure, we also repeat from the first report: ". . . the answer to the question of whether these . . . findings indicate success or failure for the CDBG program depends upon the values and perceptions of the individual reader."[5]

Field Network Evaluation System

The CDBG research uses a field network evaluation system (FNES) as the basic data collection and analytical approach. FNES involves a national network of resident observers, primarily political scientists and economists, who study an agreed-upon set of process and program issues in communities where they live or in nearby communities with which they are familiar. The field associates base their analyses on standardized budget and program data, memorandums and other informational documents, locally developed government data, and interviews with key officials and participants in the decisionmaking process. The central staff maintains contact with the associates, reviews and codes the field data, and conducts the overall analysis.

To be most effective, FNES research must begin with the start of a program, operate within a uniform analytical framework, and continue over several years with periodic field observations. HUD contracted with The Brookings Institution to monitor the CDBG program for a 6-year period, beginning with the first program year in 1975. This longitudinal approach made it possible to introduce important changes in research methodology such as measuring the influence of local participants in decisionmaking and the measurement of estimated benefits among income groups. Longitudinal research has also made it possible to change the policy focus of the reports, as noted at the beginning of the chapter.

An important feature of the FNES methodology is the research conference, where the central staff and the field associates discuss the principal policy issues to be studied and develop the final field analysis form (appendix 1). The conference for the fourth round of CDBG monitoring was held on March 6-7, 1980, in St. Louis, Mo. The field research was done during the summer of 1980, and associates submitted their reports in the fall.

Sample

The field research is based on observations in 52 jurisdictions selected to take into account a mix of characteristics: (1) type of recipient--central city, satellite city, and urban county; (2) regional location; (3) population size; (4) income level; and (5) previous categorical grant experience (appendix 2). Some parts of the analyses are based on 50 jurisdictions; Lansing and East Lansing, Mich. are not included.[6]

Our previous reports were based on a sample of 61 jurisdictions. Nine nonmetropolitan communities previously included were dropped from the field research for the fifth and sixth years.[7] In several of these jurisdictions, the grants were based entirely on the hold-harmless provisions of the CDBG legislation and their entitlements were being phased out.[8] HUD provided discretionary grants to some of these communities. However, such grants do not operate under the same rules as the formula entitlement program; recipients of discretionary grants have less flexibility in making program choices. Put another way, the continuity of funding and flexibility in choices that are the key factors in the entitlement program are missing for the nonentitlement recipients; this in turn limits the analytical continuity of the decisionmaking process and program choices. For the above reasons we decided to confine the final round of research to formula entitlement jurisdictions. All data for the first 4 years have been recalculated to include only those communities in the smaller sample.

We had to cluster the sample jurisdictions geographically so that one field associate could report on two or more units; therefore, we could not use random sampling procedures. Although the sample is not designed to be statistically representative of jurisdictions participating in the national program, it is considered to be sufficiently diverse to provide a good picture of major trends in the CDBG program. It should be noted, however, that the sample is weighted toward larger jurisdictions. In the sixth program year, the sample jurisdictions received $978.8 million, or about 26 percent of total program funds; the sample represented 8 percent of all entitlement jurisdictions.

Table 1-1 groups the sample jurisdictions by type of jurisdiction and previous categorical experience; table 1-2 shows the regional distribution; table 1-3 shows the sample by population size.

Major Findings

The chapters that follow focus on the fifth and sixth years of the program but also build upon the longitudinal presentations of the previous reports. Chapter 2 summarizes the new regulatory and other administrative policies that influenced the program in the fifth and sixth years. Chapter 3 is an analysis of intergovernmental issues and the local decisionmaking processes. Chapter 4 is concerned with local program choices, the distribution of benefits, and the interrelationship between programs and benefits. The chapter also includes an exploratory attempt to measure the effects on social targeting resulting from local decisions to shift funds among program categories during the implementation process.

Program execution is the subject of chapter 5. It examines: (1) the principal elements that appear to influence the level of difficulty in program execution; (2) expenditure rates and progress on local programs; and (3) local capacity to execute development programs. Chapter 6 presents our conclusions about the CDBG program based on our 6 years of research and the possible direction of CDBG under the Reagan Administration.

Here are the major findings of this report:

Table 1-1. Type of Jurisdiction and Level of Pre-CDBG Grant Experience[a]

Community type	Number in sample	Percentage of all entitlement jurisdictions	Number of jurisdictions with-- High previous categorical experience	Moderate previous categorical experience	Low previous categorical experience	No previous categorical experience
Central cities	30	8	15	12	3	0
Satellite cities	12	8	4	0	7	1
Urban counties	10	13	2	0	6	2
Total jurisdiction	52	9	21	12	16	3

Source: Calculated by authors from U.S. Department of Housing and Urban Development data.

a. Based on the ratio for each recipient unit of its per capita amount received under the previous categorical programs to the national per capita mean. "High" is more than 150 percent of the national mean of $17.63 per capita (annual average, 1968-72); "moderate" is between 50 percent and 150 percent of this amount; and "low" is 50 percent or less.

Table 1-2. Regional Distribution of Sample Jurisdictions

Region	Number in sample	Percentage of sample	Percentage of all entitlement jurisdictions
Northeast	14	27	9
Midwest	13	25	8
South	12	23	7
West	13	25	10
Total jurisdictions	52	100	9

Source: From U.S. Census Bureau data.

Table 1-3. Distribution of Sample by Population Size

Population size	Number in sample	Percentage of sample	Percentage of all entitlement jurisdictions
More than 1,000,000	7	14	88
500,000 to 1,000,000	11	21	36
250,000 to 500,000	11	21	14
100,000 to 250,000	9	17	7
Less than 100,000	14	27	4
Total jurisdictions	52	100	9

Source: From U.S. Census Bureau data.

1. In the fifth and sixth years HUD became increasingly involved in various aspects of local execution of the CDBG program. A "use or lose" policy on the rate of local expenditure of CDBG funds was an important vehicle for this involvement. There were only a few cases where the policy had a major impact on local program priorities, but it did have the general effect of bringing greater scrutiny by HUD into the details of administration and implementation of local programs. In this sense, it extended the HUD role into the stage of program implementation in ways that were not evident in the first 4 years of the program (chapters 2 and 3).

2. Local decisionmaking systems appeared to have settled into a pattern of executive dominance. The generally low level of influence by local legislators showed further decline in the fifth and sixth years. There was evidence of greater citizen activism as the result of both the increasing visibility of the program as it progressed and HUD emphasis on neighborhood revitalization. These added to the demands for CDBG activities by neighborhood groups (chapter 3).

3. Generally, local program priorities settled on a neighborhood revitalization strategy emphasizing housing rehabilitation and neighborhood public improvements. An increasingly large share of funds was earmarked to continue specific activities started under the block grant, suggesting that a considerable amount of local decisionmaking concerned increments of funding for ongoing activities rather than establishing new priorities. However, there remained sufficient flexibility in local programs to permit undertaking some new activities each year (chapter 4).

4. In the fifth and sixth years the estimated level of benefits to lower income groups, which we refer to as social targeting, fell slightly below the high of 62 percent in the fourth year. There was an increase in the number of communities where the estimated level of social targeting fell below 50 percent, a reversal of the trend in the earlier years. A decline in the level of social targeting among satellite cities was a major reason for the overall drop (chapter 4).

5. Execution problems were frequent during the first 5 years of CDBG, although communities were making progress in dealing with some of these problems as the program proceeded. Problems occurred in all of the sample jurisdictions, but in some communities the problems were greater and more persistent than in other communities. The problems were predominantly procedural, resulting from the difficulty common to public administration of managing a complex program involving many actors and many different kinds of activities. A lack of experienced

personnel and underestimation of costs were also important factors that slowed implementation; communities tended to overcome the former as the program proceeded, but the latter, which was related to inadequate front-end planning and inflation, was more persistent. Problems most frequently occurred in housing rehabilitation and related general public improvements. Housing rehabilitation was often a new undertaking in communities. In the case of general improvements, new Federal requirements frequently had to be integrated into traditionally local ways of doing things (Chapter 5).

6. Over 6 years one general effect of the block grant program was to improve the planning, execution, and management capacity of communities. HUD pressure on both substantive and administrative issues added to development of that capacity. HUD's social and geographic targeting policies also had the effect in some communities of raising the sensitivity of local officials to the development needs in their lower income neighborhoods; this tended to be the case in communities that had not participated in the programs consolidated into the block grant (chapter 5).

Footnotes

1. Richard P. Nathan, Paul R. Dommel, Sarah F. Liebschutz, Milton D. Morris, and Associates, Block Grants for Community Development, U.S. Department of Housing and Urban Development (Washington, D.C.: U.S. Government Printing Office, January 1977).

2. Paul R. Dommel, Richard P. Nathan, Sarah F. Liebschutz, Margaret T. Wrightson, and Associates, Decentralizing Community Development, U.S. Department of Housing and Urban Development (Washington, D.C.: U.S. Government Printing Office, June 2, 1978).

3. Paul R. Dommel, Victor E. Bach, Sarah F. Liebschutz, Leonard S. Rubinowitz, and Associates, Targeting Community Development, U.S. Department of Housing and Urban Development (Washington, D.C.: U.S. Government Printing Office, January 1980).

4. Block Grants for Community Development, p. 497.

5. Ibid., p. 15.

6. Lansing and East Lansing, Mich. were not included in the analyses of chapters 3 and 5 because of problems in getting some of the field data.

7. The nonmetropolitan jurisdictions not included for the fifth and sixth years were: Alma, Mich.; Bangor, Maine; Carbondale, Ill.; Casa Grande, Ariz.; Charlottesville, Va.; Florence, S.C.; Marlborough, Mass.; Plainview, Tex.; and Pulaski County, Ill.

8. Under the hold-harmless provisions of the CDBG law, generally, for the first 3 years of the program communities received the same grant amount as their average annual grant between the years 1968 and 1972. In the fourth year recipients were phased down by one-third of the difference between a formula entitlement and hold-harmless amount; in the fifth year there was another one-third reduction. In the sixth year a recipient received its formula amount; if not a formula entitlement jurisdiction, the community was eligible for discretionary grants only.

CHAPTER 2

EXTENDING THE POLICY REACH

The most evident policy change affecting the fifth and sixth years of CDBG was the more active involvement by HUD officials in local implementation. In becoming more actively involved in implementation, HUD officials cast their oversight into all stages of the program. This was an extension of the "hands-on" policy adopted by HUD in the third program year when officials of the new Carter Administration began to pursue more actively certain of the substantive national objectives of the CDBG legislation. As discussed in our previous report, this represented a significant change from the "hands--off" policy of HUD officials in the Ford Administration who chose to emphasize the decentralization goal of the block grant.[1]

Two lines of policy affecting the fifth and sixth years must be traced, with different antecedents and aimed at different aspects of the program. The first concerned HUD's own policy preference for actively pursuing certain national program objectives, particularly geographic and social targeting. The second policy concerned program progress, a policy importantly influenced by Federal officials not directly responsible for administration of the block grant.

Pursuing Substantive Policy Objectives

In our previous report we discussed in detail the formulation and implementation of the social and geographic targeting policies adopted in early 1977, soon after the Carter Administration took office.[2] The effects of the policies were felt first by communities during HUD review of local applications for the third-year grants. By March 1, 1978, when the formal regulations governing the new policies were issued, HUD's targeting policies were fully in place[3] and appeared to have had a broad impact on the fourth program year. As the program proceeded, the policy focus shifted from equity to managerial issues through the development of new administrative mechanisms in the fifth year to enable HUD officials in the area offices to better review applications and monitor local programs to assure compliance with the policies. This shift had implications for local officials preparing the application and implementing the program.

The Application

Beginning with the grants for the fifth year, HUD developed a new application form. One part of the application was a requirement for a 3-year community development and housing plan which was to provide a framework within which HUD reviewers could: (1) compare local plans with national objectives, and (2) decide how a community's annual program fit the 3-year plan. For each proposed activity included in the 3-year plan, the applicant was required to specify which of three national objectives the activity was designed primarily to meet--benefits to lower income persons, elimination or prevention of slums and blight, or meeting a need of particular urgency. Given the rather general guidance on the substance of the 3-year plan and the less-than-rigorous nature of most of these plans, the more important impact of the new application form was on the organization of the annual plan. Generally, the format of the application required local officials to organize their programs on an areal basis. That is, instead of the format previously used of organizing applications by the category of activities or simply listing the activities, the new form required communities to organize their spending plans primarily on a neighborhood basis, showing what activities and how much spending were allocated to specified neighborhoods or target areas. Each activity proposed also had to specify what share of the benefits went to lower income groups, thus adding to the policy emphasis on that national objective. The new form also permitted packaging similar activities to highlight an objective such as economic development, but the areal approach was the principal organizing scheme.

This arrangement presumably made it easier for HUD officials reviewing the application to judge the proposed activities against the national objectives and to determine whether certain activities should be rejected. This approach also made it possible for the reviewer to determine the extent to which communities were concentrating their activities in target areas in support of HUD's neighborhood strategy area (NSA) regulations, discussed below. The application format was also seen by HUD as a way to make it easier for local citizen groups to assess their community's program. For local officials, to prepare the new application in the proper format meant more work; it also potentially exposed the application to closer HUD scrutiny and rejection of specific activities. The most vulnerable activities were often small ones which, although they may not have met the national objectives, might be politically important at the local level. Getting HUD to finally accept some of these activities frequently meant that local officials had to spend considerable time and creative talent to justify the project. It was at this level of small decisions where the conflict between national objectives and local discretion sometimes was the most irritating--to both sides.

Handbooks

In our first report we said that at the beginning of the CDBG program HUD, largely for symbolic reasons, decided not to publish a handbook for the CDBG program.[4] The urban renewal handbook, with its huge size and minute level of detail, had come to be viewed by local officials as symbolizing the worst features of Federal control over grants. The absence of a handbook for CDBG meant that local officials were uncertain of what they could do under the block grant, producing many questions from local officials and great variations in the replies from the different HUD area offices. At the beginning, the absence of clear guidance on such things as the eligibility of a specific activity may have been irritating, but it did not appear to be critical in most communities. HUD itself had no clear policies on many of the questions raised and the general policy of hands-off that had been adopted on the substance of local programs made it possible for communities to set their own course with little fear of major problems with HUD.

As the program progressed, the regulations expanded and changed frequently and the chief instruments for communicating HUD policy from Washington to its field offices were memorandums and guidelines which usually expired at the end of 6 months. As the number of such instructions increased and as HUD became more active in pursuing the national objectives, this system became too cumbersome to assure the uniform implementation of policies. In early 1979 HUD assembled its various guidelines into two handbooks for use by its area officials, one handbook for reviewing applications and one handbook for site monitoring.

Application handbook. This was a handbook on how to interpret the various HUD regulations when reviewing local applications. An example of the kind of guidance given HUD field officials concerned the designation of an NSA. In the regulations, an NSA was generally defined as a designated area in which there is a concentration of CDBG activities sufficient to produce "substantial long-term improvements within a reasonable period of time."[5] The regulations did not define "reasonable period of time," nor did the handbook for reviewing applications. The handbook did mention the 5-year standard used in the section 8 substantial rehabilitation program, but added that, "This does not necessarily apply to block grant NSA's." While allowing flexibility, the handbook expanded the definition to read "a reasonable and predictable time period" (emphases theirs)[6] Another handbook guideline concerning NSA's was that in some cases "limited availability of resources may require that applicants designate smaller areas than they might otherwise wish in order to meet the concentration requirement."[7] As noted in chapter 4, some communities in our sample had to change the size of their NSA's to meet this general standard.

Another example of a standard that had an important impact on local decisions was the constraint on spending on social and public services outside of NSA's. The regulations limited services to residents of the NSA; the handbook elaborated on the constraint to say that the services "may only incidentally be provided" for persons outside the NSA.[8] "This means that well over half of the recipients must be residents of the designated NSA areas." The regulation and the handbook's guideline affected spending on social services in some communities where such services frequently were provided to a wide area. A regulation with a similar intent was applied to code enforcement activities. The handbook advised HUD field reviewers to look closely at code enforcement activities to assure they are linked with other improvement activities. Although this did not necessarily confine code enforcement to NSA's, "it is generally in such areas that the requirements for code enforcement would be met."[9]

The handbook basically reflected and elaborated on the policies established by the regulations. The point is that in the fifth year of the program the handbook became HUD's operating tool for the uniform application of more detailed HUD standards to guide approval of a more detailed local application.

Monitoring handbook. This handbook was issued in early 1979 to provide HUD field officials with uniform directions on what to look for during site visits which were to be conducted once a year in each entitlement jurisdiction.[10] The handbook covered all programs under the jurisdiction of HUD's Office of Community Planning and Development; besides CDBG, this included programs such as the urban development action grant (UDAG), the section 312 housing rehabilitation program, urban homesteading, and a few others. The purpose of such visits was to check on the progress of local CDBG programs, local capacity to carry out programs, and compliance with various laws and regulations, as well as to see that waste and mismanagement were minimized.

The scope of the monitoring meant that HUD officials had not only to examine the progress on selected major activities but also to examine the community's management capacity, thus providing a basis for closer site monitoring and the guidelines developed in the handbooks. The handbook's guidelines on examining management capacity covered the financial management and recordkeeping systems and the local system for monitoring the progress of all activities carried out under CDBG. The handbook did not require any specific form that the various components of the management system should take, such as standard forms for financial data, but it did mean that HUD officials would be looking at those aspects of local administration which local officials most regard as being their own business.

Program Progress

At the stage of program implementation, there are at least two major questions: Are communities making progress on their programs? How effective are these programs in dealing with development problems and needs? We are concerned only with the first question and HUD's efforts to establish some basis for measuring progress. The second question falls outside the scope of our monitoring research and is heavily value-laden.

The question of program progress is related to the capacity of local governments to carry out a development program under a block grant approach. A discussion of capacity is included in chapter 5. HUD is charged in the CDBG legislation with analyzing local capacity. Section 104(d) of the law states:

> The Secretary shall, at least on an annual basis, make such reviews and audits as may be necessary or appropriate to determine whether the grantee has carried out a program substantially as described in its application. . . and whether the applicant has a continuing capacity to carry out in a timely manner the approved Community Development Program.

Thus, any administration, whether adopting a hands-off or hands-on policy on program control, was likely to eventually confront questions of local capacity, how the program was progressing, and how to measure progress. The questions came to the forefront of policy issues in early 1978, as most communities were applying for their fourth-year grants.

The rate of expenditure of funds became the indicator of program progress adopted by HUD early in the program. As early as the second program year, HUD was pressing some communities to spend their funds faster. HUD threatened Charlottesville, Va., with a reduction in its hold-harmless grant if spending did not accelerate.[11] But major emphasis from outside HUD increased the agency's emphasis on expenditure rates in particular and program progress in general. The

U.S. General Accounting Office (GAO), an agency of the Congress, put pressure on HUD about the slow rate of expenditure of CDBG funds, and HUD in turn put the pressure on block grant recipients. What resulted was a scramble by HUD to search for other ways to measure progress and, at the local level, a series of adjustments in programs and procedures to improve their expenditure rates. The importance of the expenditure rate issue in HUD-local relations is discussed in the next chapter; the kinds of programmatic and procedural responses made at the local level are discussed in chapters 4 and 5.

More specifically, expenditure rates became a major issue of CDBG following a letter of January 24, 1978, from the GAO to HUD Secretary Patricia R. Harris. In the letter, the GAO said that it

> developed various criteria for determining whether communities move forward on approved projects. One is an analysis of expenditures, obligations, award of contracts, and other tangible evidence of accomplishment. Another criterion is to compare the progress made by communities of comparable size and activity.[12]

The GAO analysis was made in 56 communities in the New York City and Newark, N.J., area offices and covered expenditures for the first 2 program years. The conclusion drawn and stated in the letter to Secretary Harris was:

> We believe that the Department should not approve additional funds for grantee projects when there has been little or no spending on these approved projects unless spending of the additional funds in the upcoming period can reasonably be assured. We also believe that the Department should direct communities, when projects have not progressed to the point where the additional funds are needed, to propose other projects that can be more readily implemented, resulting in a more immediate benefit to the community.[13]

The GAO thus made a clear linkage between expenditure rates and program progress; further, it pressed HUD to use that indicator to force communities to shift to activities on which the money could be spent more rapidly. Lost was the issue of whether fast spending might divert communities from their development priorities and result in choosing less desirable projects.[14]

HUD undertook a "reconnaissance study" of its own and concluded that the expenditure rate was an important measure of program progress but the issue was more complicated than implied by the GAO conclusion. In a March 1978 report, HUD stated:

> . . . the use of this indicator is complicated by the type of projects the grant recipient is undertaking, the program experience of the recipient; and various operating modes unique to grant recipients, e.g., contracting procedures, local disbursement procedures, etc.[15]

In April 1978, HUD implemented a "use or lose" policy which put communities on notice that if they showed slow progress, they could lose part of their grants. Guidelines used by HUD area offices in reviewing applications stated:

> Where funds have previously been approved for particular projects, and those projects have not been implemented, or progress has been unacceptably slow, you should question whether additional funding for those projects is appropriate. In some cases, it may appear that improvements are being or will be made, and that the problem can be handled by requiring submission of progress schedules or other information, and possibly conditioning of the contract. However, where it is unlikely that additional funds will be effectively used, the Area Office may require that funds be reprogrammed or recommend that the grant be reduced.[16]

This language was repeated in the 1979 handbook which consolidated previously issued guidelines.

In December 1978, HUD and Brookings sponsored a joint conference, primarily of field associates in the Brookings monitoring study, to assess various indicators of progress, including expenditure rates. The general conclusion was that the high level of aggregation represented by expenditure rates made it a crude measure of progress for the different kinds of activities that usually are included in a local program.[17] Spending rates could be used as a signal of difficulties, but certainly not as a measure of program quality or success. The conference also concluded that other measures were needed to assess program progress. These included: (1) the extent of local reprograming of funds to different activities; (2) the progress of capital projects through the various stages of development from planning to completion; (3) local in-house progress reports; (4) unit measures other than dollars; and (5) site monitoring visits.

In HUD's Operating Plan for 1980, the Assistant Secretary for Community Planning and Development said, "Again this year, field offices will be asked to place special emphasis on expenditure of block grant funds by entitlement grantees."[18] The plan went on to specify how the area offices should implement the emphasis.

Meanwhile, as HUD was implementing its "use or lose" policy, the GAO apparently had second thoughts about where that indicator of progress could lead. In a study prepared for Senator William Proxmire, Chairman of the Appropriations Subcommittee which provided HUD funds, the GAO said:

> We believe that the emphasis HUD is putting on spending block grant funds in directives and guidance to its administrators and to entitlement communities creates the potential for ineffective and inappropriate use of such funds.[19]

The statement seemed to diverge sharply from the GAO position of early 1978, which escalated the expenditure rate issue and led to the "use or lose" policy.

In a notice to the field staff on October 22, 1980, HUD continued to give emphasis to the use of expenditure rates "as one part of the evaluation of a grantee's overall progress. Drawdown data are readily available and objective. It therefore serves as a useful general indicator of the rate of project implementation."[20] But HUD cautioned its field offices:

> While drawdown analysis is a useful initial indicator of overall progress, further review of a grantee's program is necessary. This analysis should focus on the status of individual projects and the process the grantee uses to develop, plan, and implement its program.[21]

Thus, in seeking to evaluate program progress, HUD combined both a quantitative measure, expenditure rates, with process-oriented indicators such as the stage of implementation of an activity (e.g., planning, bidding, contracting, etc.). In the process of examining spending levels, HUD officials looked at the overall expenditure rate of a community while reviewing its applications for the next year's grant, and at the progress of expenditures on specific activities during site visits. There was a range of possible impacts at the local level such as: (1) a loss of funds; (2) ad hoc, short-term shifting of funds among activities; and (3) procedural changes to show a faster rate of spending. As discussed in later chapters of this report, the reprograming and procedural impacts were the most frequent. In the fifth program year only 30 communities throughout the Nation had conditions concerning spending rates attached to approval of their grants. Only one, Houston, Tex., actually lost funds; its fifth-year grant was reduced by $435,000, about 2 percent of its grant for that year. In 1980, 25 communities had conditions attached to their grants.

Conclusion

In becoming more actively involved in implementation, HUD officials by the fifth year were scrutinizing all stages of the program from application (what communities planned to do) through execution (whether communities were following their plans and what progress they were making). In many respects HUD's progressively increasing involvement over 6 years in all stages of the program is the dilemma of block grants. If block grants include substantive national goals, then active Federal pursuit of the goals tends to become a search for policies and mechanisms to close local escape hatches. Groups benefiting from those goals and advocates for such groups are likely to be sympathetic to such Federal activism. But to many local officials, though not all, such "expansionism" impinges on the greater local discretion they expected from the block grant and frequently intrudes into what they regard as traditionally local prerogatives.

Footnotes

1. Paul R. Dommel and others, Targeting Community Development, U.S. Department of Housing and Urban Development (Washington, D.C.: U.S. Government Printing Office, January 1980), chapters 2 and 3.

2. Ibid., chapter 2.

3. Ibid., pp. 160-73.

4. Richard P. Nathan and others, Block Grants for Community Development, U.S. Department of Housing and Urban Development (Washington, D.C.: U.S. Government Printing Office, January 1977), p. 63.

5. Federal Register, vol. 43, no. 1 (March 1, 1978), sec. 570.301(c)(3).

6. U.S. Department of Housing and Urban Development, Handbook 6503.1, Reviewing and Processing Community Development Block Grant Entitlement Applications, March 29, 1979, p. 4-3.

7. Ibid.

8. Ibid., p. 4-9.

9. Ibid., p. 4-13.

10. U.S. Department of Housing and Urban Development, Handbook 6509.2 Rev., Community Planning and Development Monitoring Handbook, March 1979.

11. Paul R. Dommel and others, Decentralizing Community Development, U.S. Department of Housing and Urban Development (Washington, D.C.: U.S. Government Printing Office, June 2, 1978), p. 108.

12. B-171630, Letter from Henry Eschwege, Director, Community and Economic Development Division, U.S. General Accounting Office, to the Secretary of the Department of Housing and Urban Development, p. 1.

13. Ibid., p. 4.

14. See: Decentralizing Community Development, p. 220. In that report we cautioned against the use of expenditure rates in evaluating program progress, stating:

> Before judging progress slow, we must ask, compared to what? The categorical programs were often criticized for their slow pace. It was not uncommon for several years to lapse between application to HUD and even the beginning of work on an urban renewal project. One must also consider the objectives of the CDBG program. Unlike countercyclical programs designed to reduce unemployment by funding projects that are "ready to go," activities to carry out community development objectives, such as eliminating urban blight and decay, frequently take longer to design and implement. The rapidity of spending may not be the best test of effectiveness in achieving these goals.

15. Office of Evaluation, Community Planning and Development, U.S. Department of Housing and Urban Development, Working Paper, Survey of Local Expenditure Rates: Community Development Block Grant Program, March 1978, p. 9.

16. Notice 78-9, Community Planning and Development, "Review of Entitlement Grant Applications for Fiscal Year 1978," April 28, 1978, p. 19.

17. Michael J. Rich, "Program Execution Under the Community Development Block Grant: An Exploratory Analysis," CDBG Execution: Problems and Prospects (Washington, D.C.: U.S. Department of Housing and Urban Development, June 1980), pp. 40-43.

18. Narrative Advice and Guidance for the 1980 Operating Plan, p. 2; See also: Notice 80-26, Community Planning and Development, "Program Progress for Community Development Block Grant (CDBG) Entitlement Grantees," October 22, 1980, pp. 1-3.

19. B-199908, Letter from John D. Heller, Acting Comptroller General, U.S. General Accounting Office, to Senator William Proxmire, August 20, 1980, p. 2.

20. Notice 80-26, p. 2.

21. Ibid., p. 3.

CHAPTER 3

THE CDBG DECISION PROCESS

In this chapter, three aspects of the CDBG decisionmaking process are examined. First, we look at the overall trend in the level of HUD involvement in local programs. Second, we analyze intergovernmental issues that emerged or gained new emphasis in the fifth and sixth program years to determine whether the HUD policies discussed in the previous chapter had an impact at the local level. This analysis spans the range of issues from the application through the implementation stages. Third, we look at local decisionmaking processes to determine whether after 6 years stability or continued change is the dominant feature of those processes.

Introduction

Local CDBG programs are affected by both external, most notably HUD, and local influences. Generally, HUD's influence is determined by how agency officials define the "rules of the game," while the distribution of influence among local participants is related to their role in a bargaining process to establish development priorities and make allocation decisions. This introductory section provides an overview, through illustrative cases, of the operation of these external and internal influences, the interrelationships between them, and their effects on local program decisions. The section also serves as a background for the subsequent analysis of intergovernmental decisionmaking in CDBG and factors related to institutionalization or regularization of the local decision process.

External Factors--HUD Policy

To recap our previous findings, during the first 2 years of the program we characterized HUD's role on local decisions as "peripheral" and "more procedural than substantive." For the third and fourth years the recurring terms describing the HUD role were "active," "expanded," and "pressure," as Federal officials implemented the policy to increase social targeting, the level of benefits to lower income groups. However, in imposing a social targeting strategy on those communities with low levels of such benefits, generally the choice of specific activities within that strategy was left largely to local participants in the decision process.

For the fifth and sixth years the external policy environment expanded with an emphasis by HUD on the progress of local programs. This meant that Federal policy now contemplated a closer scrutiny of all stages of the CDBG process than had been the case in the earlier years.

Changes in external rules of the game have an impact on local programs. Huntington Beach, Calif., illustrates the effects HUD's targeting policy had on the local decision process and the substance of the local program; it also gives an insight into the relationship between the structure of the local decision process and program choices.

Huntington Beach

> According to the field associate, Huntington Beach is an "affluent, sophisticated city which is very oriented toward planning." With the exception of several small grants for open space and park development, Huntington Beach had no prior experience with Federal programs. The city's priorities at the outset of CDBG were "maintaining open space and parks" and "providing adequate municipal services and facilities--in short, keeping up with new growth."
>
> Staff officials from the planning department were delegated responsibility by the city manager for preparing the application. During the first 2 years, planning staff officials acted as coordinators and mediators of various proposals for capital development projects from the city's line departments. HUD's role was assessed as minor; Huntington Beach, the associate noted, "hears from HUD only when things go wrong, such as when the proper forms are not filled out." The city's CDBG program, with a heavy emphasis on major public works projects--storm drains and community centers--reflected the city's priorities for citywide development.
>
> Changes in HUD's policy in 1977 shifted Federal officials from "understanding the local perspective" to pressuring for more geographic targeting and targeting of funds to benefit low- and moderate-income families. HUD's pressure on Huntington Beach to emphasize social targeting and neighborhood conservation was informal

and supportive, but it was persistent. An important organizational result was that the city manager shifted responsibility for CDBG from the planning department to a newly created two-person community development staff. These persons--contract employees hired only for the duration of the block grant program--"know the plan, know the regs, and are the contact with HUD" and were designated to manage the decisionmaking process and the implementation of the program. The interest and the influence of the line departments in the block grant waned.

The HUD policy altered the city's program choices. HUD's more active role also strengthened citizen influence in the program; the citizen advisory group was alined with HUD in seeking to redirect the program toward neighborhood revitalization. Huntington Beach put an emphasis on neighborhood conservation and housing activities, except for the fifth year when 50 percent of the block grant was spent for a firehouse in one of the target neighborhoods. Housing rehabilitation and related neighborhood public improvements became the city's CDBG priorities.

Internal Factors--Local Decision Process

After 6 years of experience with the CDBG program, one might expect institutionalization of the local decisionmaking process--that is, stability rather than continued change in the process and the roles played by various actors.

To deal with the institutionalization issue, we continued the longitudinal analysis of previous Brookings reports, using several indicators of the distribution of influence on the content of local programs. We examined whether the patterns of influence stabilized by the sixth year or whether there continued to be significant changes in who was participating and how much influence they had. A second dimension of the analysis concerned the general character of the overall process--centralized, shared, or dispersed power--that governs the local program.

Greater local discretion over community development programs was a major goal of the block grant portion of the Housing and Community Development Act of 1974. Local officials were to be given greater freedom and flexibility to set their own priorities and select their own means for meeting the needs of their communities. We concluded in our earlier monitoring reports that greater local discretion had been achieved.[1]

Another process objective of the legislation was to enlarge the role of local generalist officials--mayors, city managers, county supervisors, and legislators--in the decisionmaking process. This enlargement was expected to be at the expense of specialist agencies, primarily semiautonomous urban renewal authorities, that frequently made major development decisions substantially independent of local elected officials or those appointed by them. This objective had also been largely achieved in the early years of the program, with the process dominated by executive participants.[2]

The CDBG legislation also provided for citizen participation in local decisionmaking. However, aside from the requirement for public hearings on the proposed local CDBG program, the law was vague on what procedural form citizen participation should take and made no provisions for any particular structural arrangements for citizen involvement. In our first report we stated that the attitude of local officials was more important than structural arrangements in determining citizen influence in program decisions.[3]

A resulting hypothesis on the evolution of decisionmaking processes would be that after 6 years of operation, the CDBG process would have stabilized with the process dominated by executive officials. The influence of citizen groups would also be relatively fixed in a subordinate role to local officials.

But, and hardly surprising, things are not that simple. In expanding local discretion, CDBG was immersed in a broader environment and it became susceptible to greater buffeting by local factors and events. Also, it was often a highly visible program that could be used for political advantage. Periodic elections stimulated the articulation of development priorities by incumbents and challengers, sometimes resulting in changes in the decision process and shifts in funding priorities. Also, because the block grant was formed by the consolidation of seven categorical grants, local officials in communities where these programs had operated were open to pressure by constituents of the older programs as well as new claimants in neighborhoods that had not benefited from the earlier grants. Moreover, CDBG was likely to be influenced by changes in local economic conditions. The Chicago case below illustrates the interrelationship between local political factors, buttressed by HUD policies, and the effects on local decisions.

Chicago

The assumption by Jane Byrne of the office of mayor of Chicago, in April 1979, set the stage for important changes in that city's CDBG program. Mayor Byrne's immediate predecessors, Richard Daley and Michael Bilandic, had delegated major CDBG decisionmaking responsibility to a Community Development and Housing Coordinating Committee (CDHCC), consisting of representatives of city agencies that had been involved in the categorical grant programs.

The CDHCC was cochaired by the commissioners of the Department of Planning, City and Community Development and the Department of Human Services, who staked a claim on the lion's share of the funds. The Department of Human Services captured almost one-quarter of the first-year funds to continue social service programs started under model cities. In subsequent years, allocations for social services decreased while those for housing and neighborhood conservation activities--administered by the Department of Planning, City and Community Development--increased. At the same time, the CDHCC cochairmen allocated money to any public unit that seemed to have a legitimate claim--such as the semiautonomous Park District and the city's street and sanitation agency--to CDBG funds. Once awarded the funds, the other agencies determined the specific activities to be carried out. According to the associate, Mayors Daley and Bilandic were called on from time to time to resolve "serious questions of priority," but neither chose to play an active role in either the planning or day-to-day decisionmaking processes.

Mayor Byrne's involvement has been much more direct and active. When she took office in April 1979, the year 5 application was nearly completed and she had little impact on those allocations. However, she did move quickly to exercise direct control over the CDHCC and eventually to influence program choices. She appointed the city's budget director to head the CDHCC--the first of several appointees to that post who did not receive a salary from CDBG funds and who did not represent line departments. The CDHCC chairman

> reported directly to the mayor and the CDHCC became more involved in monitoring department operations and in the review of department proposals.
>
> The mayor's impacts on allocations were felt first in a $22.3 million amendment to the city's fifth-year program and then in the sixth-year application for funds. The fifth-year amendment was to accommodate both HUD pressure to speed the rate of spending on CDBG projects and the new mayor's desire to give more emphasis to housing and economic development activities. Her interests in housing rehabilitation and economic development and in greater concentration of CDBG resources to achieve a noticeable impact in the city's neighborhoods were carried over to the application for sixth-year funds.

We now shift from the illustrative relationships between external and internal influences on local program choices to a broader analysis of intergovernmental relations and issues on the CDBG program.

HUD's Role in the CDBG Process

In the previous chapter we discussed how, as the program proceeded, HUD became increasingly involved in all stages of the CDBG decision process. In the third and fourth years the focus of that involvement was the distribution of benefits; in the fifth and sixth years HUD's policy emphasis turned to program implementation and progress. To gain a general assessment of the direction of HUD's role in the overall CDBG process, field associates were asked whether that role was increasing, stable, or decreasing. By "role" we mean the sum of HUD's involvement in the formulation, processing, approval, and implementation of local CDBG plans. The HUD role can include such activities as informal interaction with localities on either substantive or procedural issues; formal interactions on application submission, processing, and "red tape"; site visits and performance monitoring to assess local activities and performance; and HUD actions to promote specific decisions or actions on the part of local actors. Thus, the term "role" has a highly generalized meaning. In the next section we examine more specific issues in which HUD became involved.

A cautionary note: As stated in the first chapter, the nine nonmetropolitan communities included in the previous reports were dropped from the field sample for the fifth and sixth years. To make the data comparable across the program years, we recalculated the earlier data to include only those jurisdictions which were included in the sample for each program year. Therefore, any comparison of the data in this chapter with comparable data in the previous reports should take into account the change in the sample.

As shown in table 3-1, for the sample as a whole the pattern has become one of fewer communities in which HUD's role is expanding and a higher proportion in which that role has tended to stabilize. Nevertheless, as late as the sixth program year, associates reported that HUD's role had expanded over the level of involvement in the previous year in 30 percent of the sample jurisdictions. While expanding involvement was less evident in urban counties, there did not appear to be any significant differences among the different types of jurisdictions, although the satellite cities showed a slight increase in the number with an expanding role by HUD. However, the change is slight and should not be overly interpreted.

In communities where HUD's role increased, the nature of that involvement and the reasons for the change varied widely. As noted earlier in the Chicago illustration, the involvement was based on HUD pressure for more rapid expenditure of funds. The associate for Pittsburgh reported HUD's expanded role concerned the city's geographic targeting policies (discussed in more detail in the next section) and resulted in a "deteriorating" general relationship between the city and HUD. The city believed that by insisting on specific target areas, HUD was "reverting to the old urban renewal approach." Conversely, HUD saw the city as more concerned with the "politics of spreading benefits" than adhering to HUD guidelines.

The associate for San Jose, Calif., reported that prior to the fifth year HUD generally left matters of priorities and implementation in the city's hands. In the fifth year, however, HUD intervened in the issues of benefits and expenditure rates. HUD intervened in the benefits issue after a legal complaint was filed by San Jose Community Legal Services that the city was not meeting HUD's regulations; HUD supported the citizen complaint. On the spending issue, officials of the HUD area office, in response to concerns of officials in Washington, asked the city to justify its noncompletion of several first year projects.

In Cleveland, Ohio, there were numerous substantive and administrative issues that led to a larger HUD role in various aspects of that city's programs. Among the issues were HUD's view that the city lacked adequate staffing for monitoring and evaluating the program, implementation of some public service activities citywide, a

Table 3-1. HUD's Role in the CDBG Process, by Type of Jurisdiction, Years 3 through 6

Type of jurisdiction	Expanding role	Stable role	Decreasing role
Central cities[a]			
Year 3 (N=30)	14	13	3
Year 4 (N=29)	16	9	4
Year 5 (N=28)	14	11	3
Year 6 (N=28)	9	16	3
Satellite cities (N=12)			
Year 3	6	4	2
Year 4	6	3	3
Year 5	3	6	3
Year 6	4	8	0
Urban counties (N=10)			
Year 3	6	4	0
Year 4	6	3	1
Year 5	4	6	0
Year 6	2	7	1
Total jurisdictions			
Year 3 (N=52)	26	21	5
Year 4 (N=51)	28	15	8
Year 5 (N=50)	21	23	6
Year 6 (N=50)	15	31	4

Source: Field research data.

a. For year 4, Chicago's application had not been approved at the time the data were collected. For years 5 and 6, data for Lansing and East Lansing, Mich., were not provided for this part of the study.

lack of information on the needs and proposed strategies for designated NSA's, and the absence of a written citizen participation plan well into the sixth program year.

We now turn to a more detailed analysis of intergovernmental issues, but before doing so we must emphasize the distinction between the analysis above of HUD's general role and the occurrence of specific issues between HUD and local officials. A field associate might report that HUD's general role in a community's program had stabilized, but that role might involve a high level of continuing interaction from previous years over various specific issues.

Intergovernmental Issues

To better understand the evolution of HUD-local relationships, it is important to examine the particular policy issues that shaped those relationships over the 6 years of this research. We use the same framework for classifying intergovernmental issues used in previous reports. There are two major categories of intergovernmental issues--substantive issues (what to do) and procedural issues (how to do it).

Substantive issues include two subcategories:

- Strategy issues, which concern the mix of program activities and the ways in which benefits are distributed as a result of the overall allocation of CDBG funds to program activities.
- Program issues, which deal with the definition and eligibility of specific activities of a jurisdiction's CDBG plan without reference to broader strategies or the targeting of benefits.

For example, the number and size of neighborhood strategy areas is a strategy issue, while the eligibility of a proposed technical assistance activity is a program issue.

Procedural issues include the following subcategories:

- Compliance issues, which involve local conformity with prescribed procedures and mandates, such as equal opportunity, environmental protection, Davis-Bacon wage provisions, and citizen participation.

- o Administrative and technical issues, which deal with a variety of issues related to local management of CDBG program efforts, such as recordkeeping, contractual procedures, staff capabilities, accuracy of data and information used at the local level, quality and content of submissions to HUD, and reports on program performance.

- o Rate of expenditure issues, which concern the rate at which local jurisdictions have spent their funds, both on an overall basis and for specific activities.

Table 3-2 shows the types and frequency of HUD-local issues that emerged in the third through sixth years of the CDBG program. An issue analysis of the second program year was presented in our second report.[4] We retained that basic framework for subsequent years but, because of some changes in the definition of issues and coding, comparable data were not developed.

The best indication of the trend in the kinds of policy issues that occurred is seen in the data for years 3 and 5. Our previous report covered the third and fourth years; by comparing the third and fifth years we link the previous findings to the new data. Also, the field research for these 2 years was conducted when those program years were either completed or nearly completed; thus, they cover issues that arose throughout the process from application through implementation. The field research for years 4 and 6 was conducted just as these applications were being approved by HUD and did not extend into the implementation stage for those years; thus, the kinds of issues that might arise most frequently during field visits by HUD officials would tend to be undercounted. The undercount most likely would involve various management, administrative, and compliance issues, as well as the rate of expenditure for specific activities.

Findings

Overall we found that HUD continued to have a significant involvement in substantive issues (strategies and programs), with those issues occurring in over 60 percent of the jurisdictions in the sample in the fifth year. Comparing the third and fifth years, strategy issues showed a decline, accounted for by a drop in the social targeting issue. There was an increase in the number of jurisdictions where program issues occurred. The strategy issues tended to occur most frequently at the application stage.

Table 3-2. Number of Jurisdictions in Which HUD-Local Issues Occurred, by Type of Issue

Type of issue	Year 3	Year 4	Year 5	Year 6
Strategy issues	37[a]	34	31	27
Social targeting	30	28	16	13
Geographic targeting	19	19	21	19
Program issues	22	15	32	24
Compliance issues	26	15	35	18
Administrative/technical issues	31	14	34	13
Rate of expenditure issues	12	7	31	19

Source: Field research data.

a. Each figure represents the number of jurisdictions in which a particular type of issue occurred. The sums of the incidence of social and geographic targeting exceed the occurrence of a strategy issue because of overlap in the number of jurisdictions where a targeting issue occurred.

Among all issues, the most notable increase was the occurrence of the expenditure rate issue, with the issue rising from 25 percent of the jurisdictions in year 3 to more than 60 percent of the jurisdictions in year 5. This appeared to reflect HUD's policy emphasis in the fifth and sixth years (discussed generally in the previous chapter) on program execution in general and expenditure rates in particular. The issue itself could be raised at the application stage, but was really directed at problems in implementation.

There were also increases in the number of jurisdictions where compliance and administrative/technical issues occurred, with the former showing the greatest increase. This probably resulted from the increase in the number of capital projects reaching the execution stage. This in turn meant that compliance problems such as minority contracting, minority employment by contractors, and wage standards were more likely to surface.

The two summary points to be noted are: (1) the sharp rise in the expenditure issue which addressed program progress; and (2) by the fifth year each category of issues appeared in more than 60 percent of the sample jurisdictions. However, and we wish to emphasize this, while this indicated that HUD-local issues were occurring in all stages of the program, comments by many of the associates indicated that many of the issues tended to be relatively minor. We now turn to a discussion of specific issues.

Geographic targeting. This issue primarily concerned the size and the number of neighborhood strategy areas (NSA's). As noted in chapter 2, the NSA approach of concentrated spending to achieve visible improvements within a reasonable period of time was first introduced in HUD regulations issued in March 1978, and became effective in the fifth-year program. It should be noted, however, that a geographic targeting policy had started to evolve as early as the second program year.[5] HUD rules on geographic targeting began to tighten in the third and fourth years and culminated in the NSA regulations. We discuss below the occurrence of the issue in the fifth and sixth years and the political implications of the issue at the local level, and illustrate some of the local responses. In chapter 4 there is a further discussion of target areas in terms of changes and stability in areal strategies.

In our previous report we stated that geographic targeting became an important issue in the third and fourth years.[6] As shown in table 3-2, the issue persisted into the fifth and sixth years as HUD pressed the NSA regulations by focusing on how communities drew their NSA boundaries.

Designation of target areas is a sensitive political task. The two major programs consolidated into CDBG--urban renewal and model cities--were based on highly limited geographic targeting and had the effect of leaving out adjacent areas which often had the same kinds of problems. In the early days of urban renewal this was not much of a problem, since residents usually fought inclusion in an urban renewal area because it generally meant tearing down their homes and displacement to other parts of the city. As urban renewal and the neighborhood development program became more oriented toward revitalization of residential neighborhoods in the mid- and late-1960s, the resistance to inclusion diminished (although it did not disappear, since homeowners often did not like the code enforcement provisions of a renewal project). In the case of model cities, exclusion from the model neighborhood meant being left out of a range of social services and the physical developments funded under the program.

When CDBG came along, one of the first results was to expand the program across a wider geographic area. In the process, program benefits were spread to more lower income neighborhoods, although the spreading often meant activities in better-off neighborhoods as well. This expansion was politically beneficial to local elected officials, so any changes in the rules of the game for delineating target areas could cause some uneasiness at the local level. The uneasiness was likely to be greatest if areas were cut out of the program entirely. The changes were more easily made, and this was frequently the case in our sample, if they involved only subdividing a larger area and making marginal adjustments in the distribution of program activities. How a particular community adjusted depended on its earlier approach to target areas and its ability to finesse politically, with both local residents and HUD, any shift in activities.

It is worth noting in table 3-2 that the geographic targeting issue occurred in about 40 percent of the sample jurisdictions in the fifth and sixth years and that level has been relatively constant over the 4 years covered by our data. The absence of any overall change appeared to reflect the fact that many communities had developed a target area approach very early in the program; this is supported by data reported in the next chapter. HUD emphasis on geographic targeting in the third and fourth years resulted in more communities establishing such an areal policy. Thus, the introduction of the NSA regulations in the fifth year did not have an important effect in many jurisdictions. Where it appeared as an issue, no changes occurred or, in some cases, took the form of negotiated adjustments rather than imposition of a new areal development strategy. Also, a lack of HUD followup to enforce the policy may account for the absence of change in the occurrence of the issue.

The general observation of the Seattle associate that "HUD is exerting pressure for smaller, more concentrated NSA's" was widely reflected in the field reports. In Chicago, the associate reported nonenforcement of the policy. HUD questioned both the number (18) and the size (over 40 percent of the city's population) of Chicago's NSA's, but allowed the city to keep all of them, after ruling that the city's use of its own capital improvement funds in the NSA's met the 'concentration test.' In Los Angeles the pressures of local politics conflicted with HUD's requirements. The associate reported, "The desire of council members to distribute CDBG funds among all 15 council districts is incompatible with HUD's aim for more concentrated spending to substantially improve specific city areas within 6 to 9 years." Los Angeles proposed 24 NSA's in the fifth year and 30 in the sixth. HUD's approval of both applications was conditioned on reduction of the number and size of the NSA's. Later in the chapter we use Rochester as an illustration of how target area boundaries were adjusted to accommodate the NSA requirements.

While the overall incidence of the geographic targeting issue was relatively constant during years 3 through 6, it is worth noting that the issue tended to occur more frequently in central cities than in suburban jurisdictions (satellite cities and urban counties), as shown in table 3-3. The issue occurred in half of the central cities (15 cities) during the third and fourth program years, increasing to 71 percent (20 cities) of these jurisdictions in the fifth and sixth years. For satellite cities the rate of increase in the incidence of the issue was slower and the level of occurrence was lower, increasing from 42 to 50 percent of these jurisdictions between the two periods. For urban counties the incidence of the issue showed a decrease during the two periods, declining from 70 to 40 percent of the sample counties.

When analyzed in terms of the level of urban distress, the geographic targeting issue tended to occur more frequently in the most distressed cities (those above 250 on the urban conditions index), as shown in table 3-4; 9 of the 10 most distressed jurisdictions in the sample are central cities.

In the next chapter, we present data showing that the more distressed a community, the more likely it was to have larger CDBG target areas and the more likely it was to distribute CDBG-funded

Table 3-3. Number of Jurisdictions in Which Targeting Was an Intergovernmental Issue During Years 3 through 6, by Type of Jurisdiction

	Total	Type of jurisdiction		
		Central cities a/	Satellite cities N=12	Urban counties N=10
Geographic targeting				
Years 3-4	27	15	5	7
Years 5-6	30	20	6	4
Social targeting				
Years 3-4	39	20	10	9
Years 5-6	19	12	4	3

Source: Field research data.

a. For years 3-4, N=30; for years 5-6, N=28.

Table 3-4. Number of Jurisdictions in Which Targeting Was an Intergovernmental Issue, by Ranking on the Urban Conditions Index, Years 3-4 and 5-6

Ranking on urban conditions index[a] (mean = 100)	Geographic targeting	Social targeting
Less than 100 (N=25) (relatively affluent)		
Years 3-4	12	24
Years 5-6	13	8
100-250 (N=15) (moderately distressed)		
Years 3-4	9	10
Years 5-6	10	8
250 and above (N=10) (severely distressed)		
Years 3-4	6	5
Years 5-6	7	3
Total (N=50)		
Years 3-4	27	39
Years 5-6	30	19

Source: Field research data.

a. The urban conditions index is derived by combining the factors of age of housing, poverty, and population change. The index is computed as follows:

$$\frac{\dfrac{\text{Percentage poverty}}{\text{Mean percentage poverty}} \times \dfrac{\text{Percentage pre-1940 housing}}{\text{Mean percentage pre-1940 housing}}}{\dfrac{100 + \text{percentage of population change}}{100 + \text{median percentage of population change}}}$$

This version of the index is used to show interrelationships between an individual city and all entitlement cities. For algebraic simplicity the denominators for all factors can be dropped (because they are constants) without changing the ranking of cities.

activities across a wider geographic area. The geographic targeting issue includes both the broad issue of the size and delineation of target areas and the distribution of CDBG-funded activities. It is not surprising, therefore, that HUD in pressing for more geographic targeting would thus raise the issue more frequently in the more distressed communities, which also tended to be central cities.

Social targeting. Social targeting, the dominant policy issue in the third and fourth years, decreased considerably as an intergovernmental issue in the fifth and sixth years, as shown in table 3-2. The number of communities where the issue occurred in the fifth and sixth years was only about half that of the previous 2-year period.

In our previous report, we concluded that HUD emphasis on the social targeting issue appeared to have resulted in increased benefits for lower income persons. We noted that the issue had occurred most frequently in better-off suburban communities and it was the satellite cities which showed the greatest increases in benefit levels in the third and fourth years. (For methodological reasons we do not collect benefit data for urban counties.) For the fifth and sixth years the data on the incidence of the social targeting issue show the greatest decline in satellite cities and urban counties. Combining these two categories of jurisdictions, the issue had occurred in 86 percent of the communities in the third and fourth years; in the fifth and sixth years the incidence of the issue dropped to about one-third. The issue also occurred less frequently in the central cities, but the decline was less, going from 66 to 43 percent of the central cities.

As shown in table 3-4, the greatest decline occurred in better-off jurisdictions of the sample, those below 100 on the urban conditions index. In that group of jurisdictions, the incidence of the issue declined from 96 percent of the communities in the third and fourth years to one-third in the fifth and sixth years. There was also a drop in less-well-off communities, but the decline was less.

In the next chapter we present data showing a slight decline in the estimated level of social targeting in the fifth and sixth years with that decline accounted for primarily by a dropoff in satellite cities.

Program issues. Program issues are a recurring feature of the block grant program and over the years have tended to cover the same assortment of technical questions and the eligibility of specific activities.

Issues involving housing were noted more frequently than the eligibility of social services and capital improvements. This is not surprising since housing is the largest program category funded under the block grant, as discussed in the next chapter. Social services tended to be singled out for HUD scrutiny if their relationships to physical development programs, a requirement of the CDBG law, were not obvious. For example, in the fifth year HUD required Chicago to submit additional documentation to justify the relationship between approximately $5.3 million of physical development activities and support of nonprofit organizations and neighborhood services within the city's NSA's.

Expenditure of funds. Expenditure rate issues could occur at both the application and implementation stages, although such issues tended to be linked more frequently with the latter. In approving local applications, HUD sometimes warned local officials that more progress should be made in completing projects previously approved. HUD could go a step further and condition the approval of the application on a better spending record. However, as stated in the previous chapter, the conditioning of an application occurred in only a small number of cases and only in Houston was any money taken away. And in about 40 percent of the communities in our sample the associate did not report any expenditure rate problems.

When the expenditure issue occurred, it could involve either a particular activity or the overall rate of spending. In either case, it might result in HUD efforts to have the money reprogramed to another activity. For example, in Worcester, Mass., in the fifth year HUD sought to get the city to spend surplus funds from a variety of activities completed in the first 4 years and to reallocate funds for a flood control project that was not yet underway. The city had not spent the flood control funds because the project had been held up awaiting a grant from the Environmental Protection Agency. The city refused to reprogram the flood control funds and HUD did not press the issue further. The city did reallocate $315,000 in surplus funds to other activities, primarily housing rehabilitation. In King County, Wash., HUD pressed for a broader change to improve the overall expenditure rate. County officials argued that HUD's pressure to increase their overall spending rate "put them in the bind of appropriating funds for many small projects that can be mounted and completed quickly." Such speed in spending, they argued, inhibited their ability to undertake innovative, large-scale projects "where the personnel and procedures are not already in place." As presented above in the Chicago case, the city, responding to HUD pressure to speed the rate of spending, amended its fifth-year application by shifting funds among activities--away from "projects that were having difficulty getting underway to others that could spend the funds within the current program year." The most contentious controversy over the rate of expenditure involved Houston.

Houston

"City May Lose $3.3 Million in Unspent Federal Funds!" That headline, which appeared in the Houston Chronicle in November 1979, dramatized the controversy between HUD and Houston over the rate of spending. At the beginning of the fifth program year, Houston's annual expenditure rate was 39 percent as compared to a national average of 68 percent.

Houston had not participated in the Federal urban renewal programs, reflecting what the associate called "an extremely negative attitude" of city officials and the citizenry about Federal funds. The lack of experience contributed to the lack of expertise within the city government to implement a complex CDBG program. Both of these factors--attitudinal and administrative--contributed to the difficulties and delays in the CDBG program.

Administrative problems plagued housing activities. Such activities as rehabilitation loans and grants, relocation assistance, demolition of unsafe structures, and housing code enforcement were dependent on a competent staff with technical expertise and experience. Such a staff did not exist. In addition, instead of having one top-level administrator, trained in rehabilitation management, finance and construction, there were two housing section directors--one for construction and one for housing services. This hampered planning and administration. Each housing director blamed the other for failure to meet deadlines.

General development projects were also subject to delays. The community development staff, many of whom were chosen for political reasons rather than technical skills, lacked basic understanding of the timing of capital construction projects. They had little conception of the length of time involved in design, bidding, and construction. Such poor understanding was reflected in developing plans to pave streets before planning improvements to water mains, sewers, and drains under those streets, and in excessive delays in contract preparation. There was also poor cooperation between the community development agency and regular city line departments in carrying out the projects. Those line departments, upon whom the community development staff depended for program execution, did not have liaison personnel for the block grant program and viewed the CDBG activities as "less important than regular, city-funded projects."

Until HUD intervened, these administrative problems were compounded by what the associate called a "lack of commitment to the program by the mayor." The change in the mayor's role was critical to the city's response to the "use or lose" mandate. HUD required the city, as a condition of the fifth year grant, to spend $8.7 million every 4 months during the fifth program year, or lose the funds not spent. The general quota was further divided into quotas for housing rehabilitation and other activities.

Embarrassed by the adverse publicity and threatened by the loss of funds, the mayor took a strong stand to get the program moving through the maze at city hall. Following a trip to Washington where the mayor was unsuccessful in pleading Houston's case with HUD Secretary Moon Landrieu, the mayor called together representatives from the appropriate city departments and ordered improvements to be made; an individual in each department was assigned the responsibility of expediting the CDBG activities. The mayor also required the departments to supply the community development division with a list of regular city projects which would meet HUD eligibility criteria and for which designs were already completed (e.g., ready-to-go projects such as water mains and storm sewers). The community development staff prepared amendments to the fourth- and fifth-year programs, dropping projects that would not have been underway or completed at the end of the fifth year. The immediate result was the strengthening of the influence of the line departments.

> Houston failed to meet its first quota in November 1979 by $3.3 million, resulting in the newspaper headline cited earlier. But HUD took back only $436,000 and credited Houston with the imminent purchase of parkland and projects completed but not billed. Subsequent appeals by the city against imposition of penalties for failures to meet the second quota by $1.7 million, and the third housing rehabilitation subquota by $840,000, were successful. HUD continued to hold Houston to a "use or lose" mandate in the sixth-year application, but extended the quota review period from 4 to 9 months.

Worcester, King County, Chicago, and Houston illustrate the programmatic effects that sometimes occurred as a result of HUD's pressure to improve the rate of spending. But there was also a variety of procedural responses. One was more frequent drawdowns of CDBG funds by communities. Another was allocating funds to capital projects in stages as the projects proceeded through the planning, design, and construction phases, rather than lump sum allocations for the total cost of projects. These procedural responses are discussed further in chapter 5.

Compliance issues. Another category of intergovernmental issues which tended to focus on project implementation and administrative matters involved compliance with such Fedeal mandates as equal opportunity, citizen participation, and environmental review.

Equal opportunity disputes were the most frequent kind of compliance issue over the 6 years. Frequently the issue concerned the hiring of women and minorities in city departments which directly administered CDBG funds. Given CDBG's reliance on a wide range of citizen or county agencies to implement the program, this meant that the hiring issue potentially had broad implications for city hiring practices and local public employee unions. That implication was even broader where HUD sought to apply the policy to all city departments whether or not they received CDBG funds. Worcester was cited by HUD for "insufficient hiring of minorities and women in city departments and lack of implementation of the city's affirmative action plan." It remained a "running issue" between HUD and the city in the sixth program year, with the city resisting the inclusion of departments which did not use CDBG funds. A second important equal opportunity issue was the participation of minority businesses in CDBG-funded contracts. Rochester was cited by HUD for insufficient participation by minority businesses in CDBG-funded procurement and construction contracts. According to the associate, this led Rochester "to be more aggressive in soliciting minority business contractors and in assisting them to post performance bonds."

It seems reasonable to assume that communities were likely to be less resistant on the contracting requirements than on hiring policies. The contracting requirements could be accommodated by procedural arrangements such as more aggressive solicitation of bids from minority firms and, as illustrated by Rochester, assisting with such matters as performance bonding. There were sometimes problems when minority firms were not located in the immediate area and HUD pressed the community to expand its geographic reach. There were also some possible cost problems since, it was argued, the minority-operated firms tended to be smaller and, particularly on capital projects, this sometimes meant higher start-up costs and thus higher bids than would be the case for larger firms. Nevertheless, minority contracting issues could be more easily accommodated by communities because there were fewer general implications for the operations of local government. Also, even where an active minority contracting program was established procedurally, it would not necessarily change the pattern of contracting unless minority firms responded.

Hiring policies were another matter, however, since that issue went more to the heart of local government operations. It thus was likely to be a more sensitive issue, not only in terms of a city government's relations with HUD, but also in the local government's compliance with State civil service laws and in its dealings with its own bureaucracies and employee organizations where they existed. Thus, affirmative action policies were likely to have different local responses and success rates in the contracting and hiring areas.

Disputes between HUD and localities over citizen participation and environmental review requirements surfaced less frequently than those concerning equal opportunity and affirmative action. As we noted in our second report, citizen participation and environmental review issues "tended to be noncontroversial and were usually settled in HUD's favor."[7] In the sixth year HUD pressed Cleveland for a written citizen participation plan and "a more effective and meaningful process." The requirement for a written plan was included in the 1977 CDBG legislative amendments. Citizen participation is discussed more fully in the next section of this chapter on local decision processes.

Differences over interpretation of the environmental review regulations persisted between the HUD area office and Phoenix. According to the associate, "HUD continues to require environmental review processes for what the city contends are the smallest and least significant type of project." The city's most recent example was HUD's requirement of a separate site review for each of the four-plex housing units to be spread over 100 sites throughout the city. HUD made special sites visits on this issue which had been a continuing problem since the outset of the CDBG program.

Administrative and technical issues. In most jurisdictions, administrative and technical deficiencies noted by HUD were quite narrow--for example, the data base for calculating program benefits, or allowable administrative expenses assigned to the block grant. However, there were some jurisdictions where the extent of HUD's intervention on administrative matters had broader implications. Newark and Cleveland were communities where HUD's broad-gaged criticisms of management of the CDBG program had implications for local management organization in general.

Many of Cleveland's administrative issues, according to the associate, "have been affected by the strengths, weaknesses, styles, and personalities of three different sets of mayors and community development directors over the 6 years....The HUD area office long held the opinion that Cleveland lacks a coherent organizational structure for the Department of Community Development, has serious deficiencies in administrative control over major aspects of HUD programs, and is unable to retain qualified personnel." These deficiencies were spelled out in detail in HUD monitoring reports in the fourth and fifth years and were linked to threats by HUD to "terminate funding, stop programs, and impose other serious measures." Cleveland's responses, reflecting the styles of the different mayors and the community development directors, ranged from "vitriolic personal attacks on HUD area office personnel," to "requesting HUD assistance in a number of areas, thus putting HUD bureaucrats on the team." Cleveland's current administration, elected in 1979, "clearly talks management improvement, but its impacts are yet to be seen," according to the associate.

In Newark an "in-depth" monitoring visit by HUD area office personnel in the sixth year raised serious concerns by HUD about the city's basic administrative and technical capabilities. Newark's sixth-year CDBG application was conditioned upon HUD approval of a contract between Newark and a private consulting firm "to test and evaluate the city's existing and/or newly instituted financial system, fiscal and accounting controls, and procedures."

Generally, over the 6 years, HUD's concerns about administrative and technical matters have evolved from relatively narrow and minor matters to a broader concern in some communities about overall management organization, skills, and procedures that affect implementation of the program.

The discussion now shifts from intergovernmental issues to the local decision process.

Local Decisionmaking

In the previous section we examined the kinds and frequency of issues that occurred between HUD and communities to determine the scope of HUD's involvement in the various stages of the block grant process. In this section we focus on the local participants to examine the distribution of influence in determining the content of local programs. In addition to seeing who is influential, we also examine whether the pattern of influence has changed over the first 6 years of the program.

The relative distribution of influence over the content of CDBG programs was assessed through the assignment by field associates of "influence points" to various groups of key actors in the sample jurisdictions. These participants are the local executive (including the bureaucracy), local legislature, citizen groups, HUD, and other actors. Each associate estimated the relative influence of each key actor group by dividing 10 influence points among them. The resulting scores were ordinal measures that permitted comparison of relative influence by type of actor within a community; the scores could not be used to compare the degree of influence between actors in different communities.

While the influence points are interpretative or judgmental data, they are based on a process of collecting and integrating empirical information related to the specific content of the local program. It is in the collection of interpretative data where the longitudinal character of the research becomes so important. The experience gained by associates in following the program over several years and observing changes in both the process and the substance of local programs makes it possible to develop a quantified indicator of what is a very complex set of formal and informal interactions among participants. This tracking and quantification process has been significantly aided in this research by considerable continuity among the field associates. In nearly 90 percent of the jurisdictions, we have had the same field associate for the last 4 years. In 75 percent of the cases, the same associate has covered the same jurisdictions for all 6 years of the research. This continuity is important to measuring trends across observation years, independent of the specific number reported in any single year. Thus, in the case of distributing influence among participants, it may be less useful to know the reported influence level of the legislature in a particular program year than the trend of that influence over 6 years. This would apply also to the benefits analyses in the next chapter.

The concept of leading actors was used in our previous report to designate those participants who exerted the most--or shared the most--influence over the content of local CDBG programs. Table 3-5 shows the number of sample jurisdictions in which each key actor group ranked highest or tied for the highest rank.

As shown in the table, the distribution of relative influence among the major group of actors was characterized, on the whole, by the dominance of local executive participants; that dominance has been evident since the beginning of the program. Executive domination had begun to decline during the middle years of our monitoring, but increased again in years 5 and 6. In our last report covering the third and fourth years, we stated that citizen and HUD influence had started to increase, with the increase in citizen influence partly attributable to HUD policies.[9] The influence of citizens leveled off in the fifth and sixth years; however, as we discuss later, among individual jurisdictions there continued to be some noteworthy changes in citizen participation. Legislative participants were the only group of actors who showed a clear decrease in influence in both the fifth and sixth years, continuing a pattern that began to appear as early as year 3. Each group is examined separately. The sharp increase in HUD influence which occurred in the fourth year and continued into the fifth and sixth years appeared to be related to its targeting and implementation policies discussed in chapter 2 and the previous section of this chapter; that discussion of HUD influence is not repeated within the context of this section.

Executive Roles and Influence

One objective of the CDBG program noted at the beginning of this chapter was to centralize local decisionmaking in the hands of local chief executives (elected mayors and/or appointed managers) and legislators; as shown in table 3-5, chief executives fared much better than legislators. The expected losers under the block grant were the specialist agencies operating the model cities and urban renewal programs. Although included within the general local government, model cities was viewed as a specialist agency because it operated within a

Table 3-5. Leading Actors in Defining Program Content, Number of Jurisdictions, Years 1 through 6

Participant	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Executive	42	42	39	37	42	42
Legislative	5	11	10	9	6	5
Citizen	7	6	9	10	10	8
HUD	1	1	1	7	5	7
Other	2	1	1	1	0	0
Total jurisdictions[a]	50	50	50	50	50	50

Source: Field research data.

a. A jurisdiction may have more than one leading actor because of tied rankings; thus, columns do not total to the number of jurisdictions.

particular delineated neighborhood and provided a range of services and carried out development programs only within that neighborhood. Also, model cities was established in 1966 as a demonstration program and its future was uncertain in any case. Urban renewal agencies were frequently established as semiautonomous authorities outside of the direct control of general local governments, although in some communities they were established as line departments of the general government.

If generalist control means the specialist agencies versus everyone else, then generalist control has been achieved. As shown in table 3-6, specialist influence had been waning since the first year of CDBG as specialist agencies either were eliminated or were reduced in authority. By the fifth year, Jacksonville, Fla., remained the only jurisdiction in our sample where a specialist agency continued to be ranked as a leading actor in CDBG decisionmaking. But even in Jacksonville, where the same city department which administered urban renewal grants was responsible for administration of the CDBG program, the holders of influence changed. The associate reported that former specialist officials "currently have no direct involvement in program decisions. Most of the Old Guard has left." Thus, while Jacksonville's organizational structure was unchanged, the personnel exerting influence over the CDBG program were different.

There are, however, other types of executive actors besides the chief executive and the specialist agencies. These are staff agencies of the chief executive and municipal or county departments charged with particular line functions. It was hardly likely that the chief executive of a city or county could directly control the many facets of CDBG decisionmaking. In our report on the second year we stated that there were few cases where the chief executive himself maintained extensive and continuing control over both policymaking and preparation of the application.[10] The more usual model was where the chief executives involved themselves only at strategic points in the process, with subordinates having primary responsibility for preparation of the application. "The subordinates also frequently had a policy role--generally to represent the policy preferences of the chief executive,but sometimes to initiate policy."[11] In our report on the third and fourth years we stated that "local community development functions increasingly tended to become institutionalized as a regular function of local government."[12] This occurred as some staff agencies were reorganized into regular departments responsible for community development and as the traditional line departments gained more influence over the content of the local program.

Table 3-6. Number of Jurisdictions in Which Each Type of Executive Actor Was the Highest Ranking Actor in Terms of Influence Over Program Content, Years 1 through 6[a]

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Chief executive	18	16	15	17	12	14
Staff to chief executive	21	20	21	19	24	23
Line departments	8	14	18	17	16	17
Specialist agencies	10	6	3	4	1	1
Total jurisdictions	50	50	50	50	50	50

Source: Field research data.

a. Because of ties between highest ranking actors, columns do not total to the number of jurisdictions.

This general pattern of the distribution of executive influence continued into the fifth and sixth years, although the data showed a small decline in the influence of the chief executive, the executive participant most subject to replacement by elections or appointment (in the case of city or county managers). This in turn may contribute to insulating CDBG priorities from significant changes in direction resulting from changes at election time. Thus, the institutionalization of the decisionmaking process that seems to have occurred could also mean stability in development priorities and program choices. In the next chapter we discuss program stability.

But some caution is necessary in applying these aggregate findings since they mask some of the variations on the theme of institutionalization that occurred in individual jurisdictions. The Chicago and Huntington Beach cases presented earlier illustrated the shifts in influence among executive actors in those two cities--one resulting from an election and the other from a change in HUD policies--and the effects on programs. In both cases changes in the institutional arrangements for administering CDBG were made, followed by changes in program choices. Another example is San Jose, Calif., which shows how a shift in the influence of participants in the process can affect program choices.

In San Jose, the influence of the chief executive declined dramatically in the fifth and sixth years, while that of staff officials increased proportionately; the changes also led to a change in program priorities. The associate reported that,

> Two managers have been fired since the fourth program year. The first manager exercised centralized control and promoted downtown renewal, while the second was much less intrusive, leaving the staff to play a larger role. The stability of key staff individuals generated continuity of administration of the block grant program, but the substance of their recommendations--increasing funds for social services and residential rehabilitation and decreasing allocations for downtown renewal--changed when the political situation within city hall changed.

Legislative Roles and Influence

City councils and county legislative bodies are charged in the CDBG program with responsibility for authorizing participation of their communities in the program and approving the application for funds before it is submitted to HUD. Apart from these formal actions, the influence of local legislative bodies over CDBG program content has been clearly secondary to that of local executive participants. This is not surprising since that relationship of influence tends to cut across many areas of local government activity. In the case of CDBG, the trend is toward less legislative influence as the program proceeds.

Legislators got off to a poor competitive start. In the first year communities had only 6 months to organize a process and submit an application. Within such a time constraint, the chief executive and agencies under him or her had a clear advantage: they could move faster. Legislators were frequently left to reacting to executive decisions on both the decisionmaking process and substantive program decisions. In some communities such as Chicago and Cook County, there was a history of executive dominance that was likely to continue in any case. As indicated by table 3-5, legislators recovered somewhat in the second year when there was more time to make decisions, but by then some of the most important decisions had been made. But as other issues emerged, even the greater time for deliberation did not help increase legislative influence. The data show that since the second year legislative influence over program choices has declined steadily, with the largest decline coming in the fifth and sixth years.

Two Federal policy changes--the adoption in 1977 of a dual formula to distribute funds, and HUD's targeting initiative implemented the same year--had opposite, and temporary, effects on the roles of some local legislatures. In several jurisdictions whose entitlements were substantially increased as a result of the dual formula, the new money gave local legislative bodies another opportunity to influence program choices. The field associate in St. Louis, where the dual formula doubled the grant in the fourth year from $16 million to $32 million, reported that the Board of Aldermen was successful in "forcing upon the mayor and the Community Development Agency their own Marshall Plan for housing--a comprehensive program for lower income residents--which substantially raised the allocation for housing." The success of the aldermen was directly related to the fact that the CDBG grant for St. Louis was doubled by the new formula.

On the other hand, HUD's social and geographic targeting initiatives had the effect of perpetuating the minor role of local legislatures. The social targeting policies effectively limited the opportunities for local legislative influence over program content. As we stated in our second report, legislatures were prone to push for more geographic spreading of activities to meet a variety of citizen demands.[13] The HUD policies could be, and frequently were, used by local executive officials to reduce the substantive influence of legislators by arguing "the Feds want it this way." The more constraining the Federal policies, the more constrained were legislators.

Legislative influence was further constrained by HUD's increasing involvement in implementation matters which further added to executive domination of the program since implementation is primarily an executive function. This appears to be reflected in table 3-5 with the decline in legislative influence in the fifth and sixth years and the concomitant increase in executive domination of program decisions.

Most local legislatures played a role comparable to one ascribed to the Minneapolis City Council, that is, "making adjustments at the margin." Only in five jurisdictions were legislatures characterized by associates as leading actors. In Los Angeles the influence of the city council in CDBG paralleled the general distribution of powers in the city charter. Los Angeles has a weak mayor system and a 15-member council elected by district. According to the associate, the city "is ruled by the city council and the city council rules 15 relatively independent fiefdoms." Allocations for social services and for housing activities and the fact that these programs were widely spread throughout city neighborhoods evidenced the power of the city council.

However, while local legislative bodies continuously lost direct influence over program choices, executive officials might act to preclude the exercise of latent legislative power. To illustrate: Executive decisionmakers might choose not to include a contingency fund for unspecified activities in their applications.[14] When the application was submitted to the local legislature for consideration prior to submission for HUD approval, lawmakers sometimes reduced or eliminated the proposed contingency fund to finance their pet projects. To avoid this, in some communities those preparing the application chose not to have a contingency fund in order to preempt the possibility of such legislative actions. Another executive technique used to maintain some flexible funds for unspecified uses later was overbudgeting specific activities, in anticipation of later reallocating the extra money to other activities. The point is that the executive sometimes had to devise allocation tactics that took into account the fact that the legislature had the power to make changes, if it chose to do so.

Another example of latent legislative power involved the use of surplus funds from completed projects. Several field associates reported that local program administrators would leave the funds in the activity accounts until they were prepared to reallocate them to other specific projects, although this usually required legislative approval; they did not want to let the legislature know prematurely about such surpluses because the lawmakers might make the reallocations themselves to activities of their choosing.

It seems reasonable to conclude that legislative influence tended to be oriented toward pressing for inclusion of specific activities rather than seeking to impose a broad development strategy. Programmatic strategies more generally emanated from executive actors. However, one area where legislators might have a more strategic interest was where CDBG was part of a fiscal strategy; that is, both executive and legislative decisionmakers sought to coordinate CDBG allocation decisions with a general fiscal policy of controlling local tax rates. While not included in the field research, this involves the issue of substituting CDBG funds for locally raised revenues to carry out traditional local government functions, an issue we refer to again in the next chapter after discussing how communities used their block grant funds.[15]

Citizen Roles and Influence

While encouraging centralization of the local decisionmaking process in the hands of executive actors, CDBG also provided for public participation in the process. However, the block grant legislation allowed wide latitude for local officials to determine the scope and procedures for that participation. The 1974 act required local communities to provide citizens with adequate information on the program, to hold public hearings, and to provide citizens an opportunity to participate in development of the application. The phrase "opportunity to participate" was not defined. The 1977 amendments required recipient governments to prepare a written citizen participation plan. The amendments also sought to expand citizen participation by requiring communities to provide opportunities for citizens to comment on local program performance and to encourage participation by low- and moderate-income persons within target areas. The 1977 changes continued to refrain from specifying any particular structural arrangements or procedures for citizen participation. The

HUD regulations of March 1978 did elaborate, however, on the kinds of hearings to be held at the various stages of CDBG decisionmaking.[16]

As shown in Table 3-5, the number of jurisdictions where citizens were leading actors in program choices represented about 50 percent of the sample in years 3 through 5, and dropped slightly in the sixth year. The aggregate data suggested some stability, but the associates reported some changes worth noting in the circulation among participants in many communities.

Forms of citizen access. Over the 6 years of the CDBG program, citizen involvement took three general forms, sometimes found in combination.

1. Advisory committees. These are bodies officially charged by the local government to act as the medium for citizen advice and comment concerning CDBG plans and decisions. They may be existing structures of local governments, such as planning commissions or standing community/neighborhood planning boards, or they may be new groups whose members are appointed or elected.

2. Neighborhood-based groups. These groups represent the interests of specific neighborhoods or areas, in either formal or loose association.

3. Special or public interest groups. Such groups represent specific broad public interests apart from those of specific neighborhoods. They may be formally organized, such as the Urban League, or may be coalitions that reflect the views of professional, business, or subgroup interests.

1. Advisory committees. Thirty-eight of the 50 sample communities had citizen advisory committees in the sixth program year, and most of these structures had been in place since the second year. Chicago established a citizen committee in year 5; Portland, Maine, formed a committee in the sixth year. Formal advisory structures were the dominant form of citizen access in over half of the jurisdictions during the fifth and sixth years, an increase over earlier years (table 3-7). Being the dominant means of access, however, was no guarantee that such a body would be influential in deciding program choices. Throughout our 6 years of monitoring we found that the influence by citizen advisory committees was importantly influenced by the attitude

Table 3-7. Dominant Forms of Citizen Access, by Jurisdiction, Years 1 through 6[a]

Form	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Advisory structures	19	21	22	22	28	27
Neighborhood-based groups	21	21	20	22	26	25
Special/public interest groups	12	10	11	9	2	3
Total jurisdictions	50	50	50	50	50	50

Source: Field research data.

a. Figures do not total to the number of jurisdictions because of overlap among types of citizen participation. For example, a jurisdiction may have both advisory structures and neighborhood-based organizations.

of local officials. East Orange, N.J., and Greece, N.Y., are examples of communities at the low end of an influence continuum. Although East Orange had a citizen advisory committee since the beginning of the CDBG program, the associate reported that "the city council refused to appoint members to the board in the fifth and sixth years, and the committee, as a result, is moribund." The citizen advisory committee was formed in Greece in the second year, according to the associate, "to review and to assign priorities to projects suggested at public hearings or offered privately to the CDBG grant administrator." But the grant administrator dominated the process. First, he developed the 3-year plan within which the advisory committee ranked specific annual projects. Second, "he plays a vocal and controlling role at all of the advisory committee meetings--in effect dictating the outcomes of the priority rankings." Thus, the advisory committee in Greece had little opportunity to exercise independent initiative or influence program choices.

By contrast, the citizen advisory committee in Miami Beach was cited as very influential over program content. In the report on the fifth and sixth years, the associate said,

> There is a very close working relationship between the citizen advisory committee and the executive staff. The committee, formed in the second program year, plays a major role in drafting the application. It participates in establishing needs, reviewing proposals, prioritizing activities, and revising the application. Advisory committee members are kept abreast of the status of projects on a regular basis. The role of the committee has been fairly constant since its inception, and it is and has been a very influential factor for CDBG decisionmaking.

A community development advisory committee was appointed for the first time in Chicago in the fifth program year. Although the citizen participation plan said the committee was "to be involved in the program continuously throughout all of its stages," there was a difference of opinion about its likely effectiveness. Some groups predicted that it would not increase the role or influence of citizens in any significant way. It was, some believed, "Mayor Byrne's way to solve community opposition to the CDBG program." Other citizens viewed the advisory committee as a point of access for neighborhood groups. As one citizen stated, "It's our first real chance to have input into the city's program before they start pouring concrete all over a piece of land that we might have hoped would be a park."

2. Neighborhood-based groups. Activity by neighborhood-based groups increased in the fifth and sixth years (table 3-7). Internal and external factors appeared to be important in this change. Citizen groups became increasingly sophisticated about CDBG program opportunities; also, increased efforts by officials in some communities activated new neighborhood groups; and, the longer the program operated, the more visible it became and that prompted other groups to form and participate. Externally, the requirement for a written citizen participation plan, HUD's neighborhood targeting policies, and new regulations requiring communities with over 50,000 population to provide a citizen participation process in neighborhoods with significant CDBG activity, encouraged the opening up of the decisionmaking process.

In Atlanta, development groups in two historically black business areas and in the vicinity of Atlanta University became active when new neighborhoods were added to the community's target areas. In Auburn, Maine, neighborhood businessmen in the affected target areas became more involved in neighborhood advisory committees. Harris County, Tex., illustrates a variety of factors that changed citizen participation in that jurisdiction. The associate reported that the kinds of organized groups did not change (civic associations, churches, etc.) but the number increased due to the increase in target areas. Another change reported in Harris County concerned neighborhood groups concentrated in the county's NSA's, groups that did not have any real political clout with the commissioners court. These groups, typically, were poor, minority, and elderly citizens who did not comprise a significant bloc of votes in county political races. However, the community development staff actively solicited project recommendations from these citizens and was receptive to their project suggestions. Thus, according to the associate, citizen influence increased in year 5 "partly because of the creation of the NSA's--and partly because of the conscientious push for greater citizen involvement by the community development staff."

Phoenix, Ariz., suggests that a dual process sometimes operated to make "institutionalization" and "opening up" of citizen participation coexisting phenomena. The associate reported:

> Two things seem to be happening to citizen participation in Phoenix that are not mutually exclusive. On the one hand, the process became somewhat more institutionalized as the community development advisory steering committee became the focus of citizen participation activity in years 5 and

> 6. Parallel to this process, group influence at the stage of community public hearings and in other stages of the decisionmaking process appeared to diminish. There was also a growing partnership between the community development staff and the advisory steering committee. By these measures, it would seem that the citizen participation process has become more institutionalized in Phoenix.
>
> On the other hand, creation of target areas and their representation admitted new actors to this process. Neighborhood groups in Phoenix, traditionally, have been relatively unimportant in local decisionmaking. However, with the designation of CDBG target areas and the development of a citizen participation plan requiring target area representation on the community development advisory committee, there are now 4 members of target group committees who serve on the 17-member steering committee. Thus, citizen participation came to include groups previously not represented in the process.

3. Special/public interest groups. An interesting finding from the data was the sharp decline in the fifth and sixth years in special or public interest groups as a mechanism for participation in CDBG decisionmaking (table 3-7). Such groups have been the least used form of access since the beginning of the block grant, but the sharp drop in the fifth year combined with the increases in advisory structures and neighborhood groups as the means of access suggests a general conclusion about citizen participation in the CDBG process.

What appears to have evolved by the sixth year was a two-tiered system of citizen participation oriented toward funding of specific activities. One tier was made up of groups who entered the process in the early years and sought continued funding as the program progressed. This might involve continued support for a particular social service operated by a public agency or nonprofit organization or neighborhood groups seeking a variety of service and physical development projects for their area. The second tier was made up of groups seeking one-time funding of a capital project and who tended to be temporary participants in the process. In this evolving structure of citizen participation, groups more oriented toward general interests--such as the League of Women Voters or the local chapter of the NAACP--than toward specific projects tended to drift out of the CDBG process as local priorities became more fixed (discussed in the next chapter).

Put another way, as the program proceeded, general interests were displaced by specific, more intense interests to get something out of the program.

We would also generally conclude that citizen influence in program decisions tended to be enhanced where citizen groups--formal or informal, continuous or ad hoc--allied themselves with governmental participants in the process such as HUD, local legislators, or the local staff charged with administering the program. Such coalition-building, although not necessarily formal, frequently had an important influence on allocations decisions. This was shown in several of the examples presented earlier in the chapter (Huntington Beach, Harris County, Miami Beach, and Phoenix) and in discussions and illustrations of citizen participation in previous reports.[17] In such cases the coalition may enhance not only the influence of the citizen participants, but also the influence of the governmental partner vis a vis other governmental participants. This does not mean that citizen influence is dependent solely upon such coalition arrangements. There have been instances where citizen groups have taken a more confrontational position or have formed coalitions among themselves before pressing their claims on city officials,[18] but the more general pattern has been for citizen groups to become linked with a governmental participant as the means of gaining influence in decisions.

Decision Processes

In this section we view the overall processes of individual jurisdictions so as to be able to characterize the distribution of influence. A typology of decision systems developed in our second report is used--centered, shared, and dispersed influence.

The rules for classification of the decision systems of the sample jurisdictions are as follows:

1. Where one actor had at least 5 influence points and at least 2 points more than any other actor, the configuration was defined as a centered pattern.

2. Where two actors had the same number of influence points but not fewer than 4 each, or where one had 5 and the other 4, the influence was said to be shared.

3. Where no actor held more than 3 influence points, or where one actor held 4 points and no other held more

than 3, the configuration was designated as dispersed, meaning that the program influence was relatively evenly distributed.

The data presented in table 3-8 support the earlier finding of executive domination which was based on determining the leading actor. Among all types of decision processes, the executive-centered system was dominant throughout the 6 years. In shared systems, power was nearly always shared with the executive. Even among the dispersed systems, when a leading actor could be identified, executive participants dominated.

A second point to be noted is that in the aggregate, since the second year, there were not great changes in the number of different types of systems. There were small fluctuations from year to year, but no clear trend in any direction. The changes that did occur followed the findings presented earlier. For example, we noted in the previous section that legislatures increased their influence in the second year and then started a slow downward trend. That is reflected in the shared systems where legislatures came to share influence with executives in four jurisdictions in the second year but such legislative sharing of power dropped to only one jurisdiction in the years after that.

To determine whether the distribution of influence, as measured by the types of systems, had stabilized, we went behind the aggregate data to examine the shifts of individual jurisdictions from one type of process to another. Between the fourth and fifth years, there were shifts in 11 communities, 7 away from centered processes to shared or dispersed systems; 4 changed to centered processes. Between the fifth and sixth years there were only 3 changes, all to centered processes. Overall, 14 sample jurisdictions had the same type of decision system for all 6 years. An additional 31 had changes in the earlier years, but the same system for both the fifth and sixth years. There were only 5 jurisdictions that continued to shift in the fifth and sixth years. Thus, over the last 2 years of the research 90 percent of the sample jurisdictions had the same basic type of decision system. Rochester illustrates characteristics of a decision system that changed little since the beginning of the program; similar to the Huntington Beach and Chicago illustrations, it also demonstrates the linkages between process and decisions.

Table 3-8. Types of Decisionmaking Processes Among Sample Jurisdictions, Number of Jurisdictions, Years 1 through 6

Type of process	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Centered	30	22	25	22	19	22
Executive	25	18	20	20	17	19
Legislative	1	1	0	0	0	0
Citizen	2	2	4	2	2	2
HUD	0	0	0	0	0	1
Other	2	1	1	0	0	0
Shared	3	7	5	7	8	6
Executive-legislative	1	4	1	1	1	1
Executive-citizen	1	2	3	2	4	3
Executive-HUD	1	1	1	2	2	1
Legislative-citizen	0	0	0	1	1	1
Legislative-HUD	0	0	0	1	0	0
Dispersed	17	21	20	21	23	22
No leading actor	5	3	8	9	12	9
Executive	9	16	9	7	9	11
Legislative	1	1	3	1	1	1
Citizen	2	0	0	0	1	1
HUD	0	0	0	3	0	0
Other	0	0	0	1	0	0
Total jurisdictions	50	50	50	50	50	50

Source: Field research data.

Rochester

Rochester's decision process has been a shared system since the first program year, with the major influence over the CDBG program divided between the city manager and the Democratic majority of the city council.

The legislative-executive coalition for the CDBG program was a departure from the perfunctory role that the council had played under the categorical programs, urban renewal and model cities. As soon as council members were aware of the flexibility of the CDBG process and programs, they asserted a strong policymaking role. This involved working with the city manager during the first-year application process to develop a new community development strategy and a citizen participation process.

The various citizen participation mechanisms operated within a procedural and policy framework established by the generalist officials. The participation of citizens was actively solicited to determine the specific activities to be funded--housing, street and recreation improvements, and commercial revitalization--in their neighborhoods. For the downtown area, a private organization, the Downtown Development Corporation, whose formation had been promoted by the city government, was the channel for participation.

Over the 6 years, both the process and development priorities remained basically fixed.

One factor favoring little procedural change was the stability of local politics. Democratic candidates in the three elections since 1973 maintained their 8 to 1 control of the city council; moreover, individual members of the majority continued in office. A second contributing factor was the city's experience with categorical grants, familiarity with Federal requirements, and a pool of development expertise.

The general stability of Rochester's development strategy was reflected in its CDBG program allocations for the first 6 years. As planned from the outset, a decreasing proportion of the block grant went to urban renewal as the projects were closed out, and increasing amounts went to neighborhood conservation and economic development.

However, external factors forced some distributional adjustments within that strategy. Accelerating problems of housing abandonment and tax delinquency and HUD's targeting policies forced changes in the city's neighborhood conservation program.

For the first 3 years, CDBG allocations had been distributed widely to neighborhoods throughout the city's primary target area which included almost one-half of the city's residents. The housing abandonment problem and HUD's targeting policies provided the city manager and council a justification for a new areal strategy for neighborhood conservation--one that was aimed specifically at shoring up investor confidence in transitional neighborhoods. Eight NSA's within the primary target area were designated in the fourth year to achieve more concentrated spending. City officials solicited the assistance of neighborhood associations within the NSA's for selecting specific activities for funding, the role played by these groups in the past. To allay the concerns of neighborhoods within the primary target area but not designated as NSA's, city officials continued to make some funds available from the block grant as well as projects from the city's local capital development budget.

The stability of Rochester's decision process and the distribution of influence among the participants made it possible to adjust its development strategy to accommodate new factors without radically changing either the process or the basic priorities.

While stability, as illustrated by Rochester, generally characterized local decision systems in the later years, there were a few communities with continuing changes in the type of decision system, changes which appeared to affect program choices.

In Auburn, Maine, the greater assertiveness of citizen groups accounted for the change in that city's decision process from executive-centered in the fourth year to a shared system (executive/citizens) in the fifth. The associate reported that a group of businessmen and citizens "upset over haphazard planning and private development" in the Uptown Auburn area secured a grant to write a master plan for the neighborhood. Then they became involved in the preparation of the fifth-year application. Their participation, agreed to by the community development department and the city council, led to an application for fifth-year funds which followed in a general way the master plan that Uptown Auburn had prepared for itself. A consequence was giving major priority to economic development which received 34 percent of the funds in the fifth year compared with zero funding in the fourth year.

East Orange changed from a dispersed system in the fifth year to what the associate classified as a HUD-centered system in the sixth year; it was the only case of a HUD-centered system in the sample throughout the entire 6 years (table 3-8). The HUD area office pressed for a major reorientation of East Orange's program, away from social services to physical redevelopment. Social service allocations declined from 33 to 14 percent between the fifth and sixth years, while housing and related public works increased from 17 to 41 percent. A change in the area office representative responsible for East Orange made a major difference. The new representative took a much more aggressive role in overseeing East Orange's activities and in supervising its application than had his predecessor. "In a conflict between the city council and HUD over the sixth-year application, the mayor and the planning department essentially played a mediating role. Both the HUD area office and the city council dug in their respective heels, and the final application reflected a compromise between them. That compromise, however, was in fact much closer to HUD's policy preferences than the desires of the council," the associate reported.

Conclusion

As the CDBG program evolved over its first 6 years, it appeared that local decision processes tended to become institutionalized; that is, the mix of participants tended to become fixed and the distribution of influence among them tended to stabilize. However, there was more evidence than expected of continuing institutional change. The CDBG decision process is sufficiently flexible and the rules of the game are sufficiently subject to change that some noticeable changes in the local process continue to occur.

The most evident feature of institutionalization was the clear dominance of executive actors in the decisionmaking process, with that dominance tending to shift somewhat in the fifth and sixth years from the chief executive to staff participants. That shift should not be overinterpreted, however, since staff agencies are frequently following policy decisions of the chief executives who generally choose to participate in resolving selective critical issues rather than be continuously involved in CDBG decisionmaking. Concomitant with that structure of executive dominance was the continuing decline of legislative influence in program decision. The emergence of this pattern was not surprising. It could be expected with almost any program that, as it proceeded, the focus of attention would shift from policymaking to program implementation; in the process, the locus of control would shift from chief executives and legislatures to the bureaucracies responsible for program execution. The recent HUD emphasis on problems of program implementation appeared to reinforce, but not create, the reliance on those executing the program.

While institutionalization was the general and probably natural tendency, there were two important factors that sustained some continued changes in the local decisionmaking processes. One of these was local politics. In enlarging local discretion with creation of the block grant, decisionmaking became more susceptible to local factors, not the least of which was local elections and changes in political leadership. Some of the illustrations in this chapter showed the effects of local elections on both the decision process and the decisions made. We also found, however, that even such changes increasingly operated within rules of the game established by HUD, particularly the social targeting and geographic targeting policies. But if HUD policies tended to constrain the roles and choices of executive and legislative participants, it also expanded the opportunities for new citizen groups to gain access to the decision process. In pressing its policies to focus local programs on lower income residental neighborhoods, HUD also created a more active interest in the program by residents in the target neighborhoods. The new activism did not mean that citizen groups displaced executive participants as the dominant actors in program choices; rather, it more generally meant that those administering the program were somewhat more sensitive to resident views.

In short, over the 6 years of our research we saw some tension emerge between tendencies toward institutionalization and bureaucratic control (Federal and local) and countertendencies, also underwritten in important ways by HUD policies, to keep the system open to citizen access.

Footnotes

1. Paul R. Dommel and others, Decentralizing Community Development, U.S. Department of Housing and Urban Development (Washington, D.C.: U.S. Government Printing Office, June 2, 1978), chapter 3; Paul R. Dommel and others, Targeting Community Development, U.S. Department of Housing and Urban Development (Washington, D.C.: U.S. Government Printing Office, January 1980), chapter 3.

2. Richard P. Nathan and others, Block Grants for Community Development, U.S. Department of Housing and Urban Development (Washington, D.C.: U.S. Government Printing Office, January 1977), chapter 10; Decentralizing Community Development, chapter 4.

3. Block Grants for Community Development, p. 495.

4. Decentralizing Community Development, chapter 3.

5. Targeting Community Development, pp. 21-26.

6. Ibid., pp. 57-58.

7. Ibid., pp. 82-83.

8. For a discussion of the kinds of data and other techniques of this kind of field research, see: Paul R. Dommel and John Stuart Hall, Field Network Research in Policy Evaluation, unpublished paper presented at the Conference on Applied Urban Research, Essen, Germany, October 2-4, 1981.

9. Targeting Community Development, pp. 91-108.

10. Decentralizing Community Development, pp. 119-23.

11. Ibid., p. 120.

12. Targeting Community Development, p. 82.

13. Decentralizing Community Development, pp. 123-27.

14. Communities are permitted to set aside up to 10 percent of their grants for a contingency fund from which they can draw during the program year for activities not included in the original application approved by HUD.

15. The first two reports included analysis of the substitution issue, but it was dropped from the study in the third year for methodological reasons.

16. Federal Register, vol. 43, no. 1 (March 1, 1978), sec. 570.303(j).

17. See: Decentralizing Community Development, pp. 116, 132-52; Targeting Community Development, pp. 89-98.

18. For examples, see: Targeting Community Development, pp. 93, 104.

CHAPTER 4

PROGRAMS AND SOCIAL TARGETING

In this chapter we examine program priorities, development strategies, and the distribution of program benefits to income groups, which we refer to as social targeting. Similar to the last chapter on institutionalizing the decision process, here we ask whether local development priorities and the distribution of benefits tended to stabilize or, after 6 years of experience, did there continue to be major shifts in basic program decisions and beneficiaries?

Stability in Program Choices

The hypothesis of the decisionmaking process was that over time the cast of participants becomes fixed and the division of influence over program choices, as registered in the grant application, tends to stabilize. But, as we found, there continued to be significant changes in some communities, particularly in the expanding role and influence of citizens and HUD. A parallel hypothesis in the area of program choices is that over time the basic priorities are agreed upon and subsequent allocation decisions are reduced to incremental budgeting. The working out of this hypothesis would vary among communities, depending on how extensively the community had participated in the programs that were consolidated into CDBG. For communities without such experience, CDBG was new money and basic priorities and incremental decisionmaking might be achieved early in the new program. In the experienced communities, basic priorities could be established early, but major funding shifts were likely to extend over a longer period as commitments to the earlier programs were phased down and the money became available for CDBG priorities. Because there is an important linkage between the mix and location of activities funded and the distribution of benefits among income groups, stability in local program choices would tend to result in a stable pattern of social targeting.[1]

In analyzing stability in local program choices, we are not implying that stability is necessarily the most desirable status for all programs in our sample. Stability as we use it here is simply a descriptive term. To those benefiting from the current local strategies and program choices, stability is good news. To those left out or doing less well, stability may be bad news.

To analyze program stability two aspects of local choices are examined.

1. Program mix. This involves the establishment of basic development priorities and the allocation of local block grant resources among program categories. The categories are defined below. Little change within a community in basic priorities and the distribution of CDBG resources among programs between years would suggest stability of local development decisions.

2. New and continued activities. This analysis concerns the share of grant funds allocated to: (1) continuation of activities carried over from the categorical grants that were consolidated into CDBG; (2) continuation of activities begun under CDBG; and (3) initiation of new CDBG activities in a community. A pattern of increasing proportions of resources going toward continuation of CDBG activities and a declining share for new CDBG activities would suggest stability in activity choices.

Methodology

Section 105 of the Housing and Community Development Act includes an extended list of activities eligible for funding under the block grant. To better understand the mix of diverse activities permitted and the pattern of local priorities, earlier in our research we developed seven categories of related activities. They are:

1. Housing. Activities such as rehabilitation loans and grants, code enforcement, modernization of public housing, and programs to increase spatial deconcentration of lower income groups through expanded housing opportunities.

2. Neighborhood conservation. Activities to stabilize and/or conserve residential neighborhoods that have been undergoing decline, with a package of public improvements that might include street and sidewalk repair, storm and sanitary drains, parks, and the like.

3. General public improvements and services. General physical improvements aimed at upgrading the local infrastructure (streets, sidewalks, drainage systems, removal of architectural barriers, parks and recreation

facilities, historic preservation) and a variety of public services (rodent control, vacant land management, refuse collection, and police and security patrols). These are single activities not specifically oriented toward an economic development objective or targeted to specific residential neighborhoods as part of a multiactivity neighborhood revitalization program.

4. Social services and facilities. Programs for health, education, child care, senior citizens, etc., and allocations for construction, maintenance, and rehabilitation of facilities necessary for provision of social services.

5. Economic development. Industrial and commercial development projects designed to enhance the local tax base and/or generate jobs, such as acquisition and preparation of property for new use through demolition, clearance, and infrastructure improvements; rehabilitation of commercial areas; and technical assistance to small businesses.

6. Urban renewal continuation. Continuation or completion of urban renewal activities begun during the categorical period.

7. Planning and administration. Planning, management, and administration of the CDBG program.

Where the activities cut across two or more program categories, they were classified as multiple-use projects.

In addition to assigning each activity to one of these categories, associates indicated whether single activities such as housing rehabilitation or a social service were part of a package of activities going into a target neighborhood. In this way, we were able to assemble all CDBG activities that were part of a neighborhood revitalization strategy. We discuss this concentration of activities later in the chapter.

The table appendix at the end of this chapter shows the block grant entitlement amounts for each jurisdiction for the first 6 program years and the percentage of funds allocated to each program category.

Following the approach of our previous reports, data on program allocations of the sample jurisdictions are presented in three ways--as unweighted mean percentages (table 4-1), as weighted mean percentages (percentages of total dollars) presented in parentheses in table 4-2, and as total dollar amounts (table 4-2). The unweighted mean measures average program allocations across the sample; it reflects program priorities and eliminates the skewing effect of the large grants to the larger jurisdictions. For example, Sioux City, Iowa, with a fifth-year CDBG entitlement of $2.9 million, allocated 77 percent ($2.3 million) for housing. Chicago, with a fifth-year entitlement of $126 million, allocated 39 percent ($49 million) to the same category. The unweighted mean for the two cases is 58 percent [(77 + 39)/2]. However, if the dollars are averaged, the mean for the two jurisdictions is only 40 percent, reflecting the strong downward influence of Chicago's larger entitlement.

The dollar level and the percentage of total sample dollars (weighted mean) are important measures of allocation trends; they take into account the increased amount of CDBG dollars distributed to sample communities each year and allow us to look at the use of the funding increments. To illustrate: In the first program year, $526.1 million was allocated to the 52 sample jurisdictions; by the sixth year, this amount increased to $978.8 million because more money was authorized and because the dual formula increased allocations to several sample cities. Over the 6 years the amount allocated to the sample jurisdictions increased by 86 percent. For the planning and administration category, the dollar amount increased by 74 percent over the 6 years, going from $59.8 to $104 million, reflecting in part the increases in funding. However, this 74 percent dollar increase for planning and administration was less than the 86 percent increase in total dollars allocated to jurisdictions in our sample. By comparing the growth in dollars allocated to the program categories with the growth of total sample dollars, either by year or across the 6 years, we can get another indication of the program priorities of the sample communities.

Table 4-1. Program Allocations, by Type of Jurisdiction, Years 1 through 6 (unweighted mean percentages)

Type of jurisdiction	Housing	Neighborhood conservation	Social services/ facilities	General improvements/ services	Urban renewal[a]	Economic development	Planning administration	Multiple use[b]	Non-allocable
Central cities									
Year 1	23	15	12	12	19	3	8	4	5
Year 2	21	14	11	16	20	4	9	3	3
Year 3	24	20	10	10	14	5	12	3	3
Year 4	31	19	10	7	8	5	13	4	3
Year 5	33	18	9	6	6	5	14	2	3
Year 6	33	16	9	5	3	8	14	4	5
Satellite cities									
Year 1	25	14	7	22	7	1	14	8	5
Year 2	20	26	13	14	4	3	12	5	4
Year 3	19	28	12	7	5	9	12	7	4
Year 4	22	31	13	6	2	5	14	6	2
Year 5	25	31	11	8	2	5	13	1	4
Year 6	25	33	9	3	2	5	12	3	8
Urban counties									
Year 1	13	16	16	23	17	1	18	4	6
Year 2	16	20	9	27	15	3	9	2	10
Year 3	20	24	8	27	1	3	10	1	7
Year 4	29	16	8	24	1	5	11	0	6
Year 5	26	24	8	15	0	4	16	1	7
Year 6	33	20	7	12	0	6	17	1	4
Total									
Year 1	22	15	12	16	17	2	11	5	5
Year 2	20	18	11	18	17	4	10	3	6
Year 3	22	23	10	12	12	6	12	3	4
Year 4	29	21	10	10	7	5	13	4	3
Year 5	30	22	9	8	6	5	14	2	4
Year 6	31	21	9	6	3	7	14	3	6

Source: Field research data.

a. Based on the 34 jurisdictions that had urban renewal projects under the categoricals.

b. Projects encompassing more than one program category.

c. Funds not allocated to specific projects.

Table 4-2. Program Uses of CDBG Funds by All Jurisdictions for Years 1 through 6 (thousands of dollars; weighted mean percentages in parentheses)

Program category	Year 1	Year 2	Percentage change years 1-2	Year 3	Percentage change years 2-3	Year 4	Percentage change years 3-4	Year 5	Percentage change years 4-5	Year 6	Percentage change years 5-6	Percentage change years 1-6
Housing	108,415 (21)	126,292 (21)	16	173,853 (25)	38	289,784 (33)	67	376,018 (41)	30	383,149 (39)	2	253
Neighborhood conservation	52,649 (10)	62,298 (10)	18	92,910 (13)	49	112,899 (13)	22	144,874 (16)	28	150,349 (15)	4	185
Social services and facilities	84,734 (16)	83,583 (14)	-1	76,445 (11)	-9	96,493 (11)	26	82,512 (9)	-14	101,050 (10)	22	19
General public improvements and services	60,498 (11)	101,186 (17)	67	96,779 (14)	-4	89,800 (10)	-7	103,975 (11)	16	77,601 (8)	-25	28
Urban renewal continuation	54,768 (10)	85,649 (14)	56	61,559 (9)	-28	39,372 (4)	-36	26,544 (3)	-33	26,649 (3)	0	-51
Economic development	19,032 (4)	24,951 (4)	31	41,143 (6)	65	59,890 (7)	46	65,107 (7)	9	92,911 (9)	43	388
Planning and administration	59,808 (11)	66,301 (11)	11	91,865 (13)	39	95,661 (11)	4	92,207 (10)	-4	104,036 (11)	13	74
Multiple use[a]	55,953 (11)	28,504 (5)	-49	48,427 (7)	70	73,594 (8)	52	4,513 (0)	-94	8,189 (5)	81	-85
Not allocable[b]	30,228 (6)	20,057 (3)	-34	19,860 (3)	-1	22,650 (2)	14	28,430 (3)	26	34,853 (4)	23	15
Total	526,085	598,821	14	702,841	17	880,143	13	924,180	5	978,787	6	86
Number of jurisdictions	52	52		52		52		52		52		

Source: Field research data.

Note: Figures in parentheses indicate percentages.

a. Projects encompassing more than one program category.

b. Funds not allocated to specific projects.

Pattern of Choices

As shown in tables 4-1 and 4-2, housing and neighborhood conservation activities remained the dominant choices in the fifth and sixth years. These are the central elements of neighborhood revitalization strategies, discussed below. Combined and as measured by either the unweighted or weighted means, the two categories received over half of the sample funds in both the fifth and sixth years, an increase over prior program years. Each of the 52 sample jurisdictions had a mix of these two program categories, although there was a considerable range among the sample communities both in share of money going into these categories and in the division of money between housing and neighborhood conservation activities. In terms of incremental growth, in the sixth year, for the first time, the growth in allocations to these categories, combined or separate, was less than the rate of growth in total dollars going to the sample jurisdictions (table 4-2). Total sample dollars grew by 6 percent between the fifth and sixth years, while housing and neighborhood conservation activities increased by only 2 and 4 percent, respectively.

Although it remained a small category of activity (tables 4-1 and 4-2), allocations for economic development continued to receive higher priority among the sample jurisdictions. Measured by the unweighted mean allocations, economic development increased to 7 percent, the highest level over the 6-year period (table 4-1). Unlike housing and neighborhood conservation activities, the 43 percent rate of growth in the sixth year far exceeded the 6 percent increase in total sample funds (table 4-2). Over the 6 years, economic development showed the greatest rate of increase (388 percent) in allocations among all program categories, although its rate of increase was largely a function of the small amount of the initial allocation (table 4-2). Nevertheless, it moved from the smallest category of dollar allocations in the first year to fourth place in year 6, while the number of communities making such allocations increased from 21 to 36 over the 6 years.

Allocations for social services (excluding social service facilities) increased in the sixth year after a drop in year 5 (table 4-3). Nevertheless, over 6 years the growth in allocations for social services was well below the rate of growth in total sample dollars. Social service spending increased by only 15 percent compared with the 86 percent growth in total sample dollars. The recovery of social services in the sixth year renewed the pattern of slow growth that had occurred in earlier years (table 4-3). However, the number of communities making such allocations dropped from a high of 37 in year 4

Table 4-3. Allocations for Social Services and Facilities, by Type of Jurisdiction, Years 1 through 6

Type of jurisdiction	Social services Unweighted mean percentage	Social services Thousands of dollars	Social service facilities Unweighted mean percentage	Social service facilities Thousands of dollars	Total Unweighted mean percentage	Total Thousands of dollars
Central cities						
Year 1	8	51,618	4	24,793	12	76,411
Year 2	8	53,500	3	18,112	11	71,612
Year 3	9	54,484	1	8,260	10	62,744
Year 4	7	55,164	3	28,719	10	83,883
Year 5	7	52,862	2	14,060	9	66,922
Year 6	7	57,491	3	23,503	10	80,994
Satellite cities						
Year 1	3	742	4	464	7	1,206
Year 2	3	970	10	1,273	13	2,243
Year 3	6	1,861	6	1,129	12	2,749
Year 4	7	2,112	6	1,314	13	3,426
Year 5	6	1,557	5	1,036	11	2,593
Year 6	5	1,342	4	1,006	9	2,348
Urban counties						
Year 1	4	2,375	12	4,742	16	7,117
Year 2	2	2,989	7	6,739	9	9,728
Year 3	2	3,004	6	7,993	8	10,997
Year 4	3	3,313	5	5,971	8	9,284
Year 5	4	3,572	4	3,015	8	6,587
Year 6	3	4,044	4	3,476	7	7,520
Total						
Year 1	6	54,725	6	29,999	12	84,734
Year 2	6	57,459	5	26,124	11	83,583
Year 3	7	59,349	3	17,382	10	76,490
Year 4	6	60,584	4	36,004	10	96,593
Year 5	6	57,991	3	18,111	9	76,102
Year 6	5	62,877	4	27,985	9	90,862

Source: Field research data.

to 31 in year 6. The generally slow growth in allocations for social services over 6 years reflected the physical development orientation of CDBG, pressures by HUD to reduce spending on services outside of neighborhood strategy areas, and the choice of officials in some communities who preferred bricks-and-mortar projects with high visibility and a short time span for completion to less visible services that might have to be funded with local revenues as the real dollars of the block grant declined.

Although leveling off in year 6, dollar allocations to continuation of urban renewal projects started under categorical grants dropped 50 percent over the 6 years as more projects were completed (table 4-2). In some communities the funds for urban renewal in the fifth and sixth years were to repay old loans from HUD and were not for development activities during the program years. As shown by both the unweighted and weighted means, urban renewal continuation received increasingly lower priority over the 6 years. The unweighted mean declined from 17 to 3 percent (table 4-1) and the weighted mean dropped from a high of 14 percent in year 2 to 3 percent in year 6 (table 4-2) as communities completed their projects or stretched them out. The number of jurisdictions in the sample allocating funds for this category declined from 25 in year 1 to 13 in year 6.

Another downward trend over the 6 years was in general public improvements and services. As stated in our report on years 3 and 4, the decline of this category appeared to be related to HUD's geographic targeting policy which discouraged the kinds of single, general public works activities included in this category.[2] Dollar allocations to this category also declined each year since the second year, except for year 5 when they increased because of some large expenditures in a few large cities (table 4-2). Over the 6-year period allocations to this category increased by only 28 percent compared with the 86 percent increase in total sample dollars. The unweighted mean dropped steadily over 6 years from a high of 18 percent in year 2 to 3 percent in the sixth year (table 4-1).

The trends were less clear for social service facilities (table 4-3) and the multiple-use category where the activities funded fit into more than one program category (tables 4-1 and 4-2). Allocations to these two categories fluctuated considerably between years because they were small categories and frequently included high-cost, one-time capital projects. Over the 6 years both categories showed an overall decline in dollars, but between program years they had both increases and decreases.

Continuity of Activities

An important dimension of stability in local programs is the distribution of funds to continue activities or to start new ones. Local programs are made up of many individual activities, ranging in year 6 from 9 activities in Auburn, Maine, to 342 in Philadelphia. For the sample as a whole, associates reported 2,817 activities in year 5 and 2,468 in year 6.

For each of the 6 program years, associates specified whether the individual activities in applications were allocations to: (1) continue an activity started under the categorical programs; (2) continue an activity started under CDBG; or (3) begin a new activity.

The data show that as the program progressed an increasingly large share of local funds was allocated to continue activities started under CDBG (table 4-4). By the sixth year less than a third of the money was earmarked for activities carried over from previous categorical grants or for new activities, with the latter getting the bulk of the funds. In the sixth year nearly all of the money to continue categorical activities involved urban renewal projects. In the early years the carryover activities also included some social services started under model cities. In the later years such direct carryover of services declined as either the services, the constituents served, or both changed. We stated in our previous report that by the fourth program year the same services going to the same groups served by the model cities program accounted for less than a fourth of the spending for social services.[3] We did not extend that analysis to the fifth and sixth years, but it is reasonable to conclude that the share was smaller.

The share of funds going to new activities after the first year showed a slight downward trend. As allocations dropped for activities started under the categorical grants, the funds generally were shifted to continue activities already started under the block grant rather than becoming a source of funds for new undertakings. Although about 30 percent of the money went each year to fund new activities, this did not necessarily mean that the funds were "free" to meet a wide range of new demands or, put another way, that about a third of the money was free to fight over. For example, a new activity sometimes meant undertaking previously planned activities, such as street and sidewalk work, in a newly designated neighborhood revitalization area.

New CDBG Activities, Years 1 through 6 (unweighted mean percentages)

	Categorical activities		CDBG activities continued		New CDBG activities	
	Percent of funds	Number of jurisdictions	Percent of funds	Number of jurisdictions	Percent of funds	Number of jurisdictions
Central cities[a]						
Year 1	35	26	0	0	64	29
Year 2	28	23	48	29	22	26
Year 3	19	20	53	28	27	27
Year 4	11	16	61	28	28	27
Year 5	7	14	70	30	23	27
Year 6	4	8	72	30	24	28
Satellite cities						
Year 1	8	4	0	0	92	12
Year 2	2	4	58	12	40	9
Year 3	2	2	62	12	36	11
Year 4	2	3	72	12	24	11
Year 5	5	2	61	12	34	11
Year 6	4	3	62	11	34	12
Urban counties						
Year 1	10	3	0	0	87	10
Year 2	5	3	49	10	45	9
Year 3	2	2	51	10	41	9
Year 4	2	3	48	10	43	10
Year 5	1	3	54	10	45	10
Year 6	0	1	67	10	32	9
Total[a]						
Year 1	24	33	0	0	75	51
Year 2	17	30	50	51	31	44
Year 3	12	24	55	50	32	47
Year 4	7	22	61	50	30	48
Year 5	5	19	65	52	30	48
Year 6	3	12	69	51	28	49

Source: Field research data.

a. New York City is not included in years 1-4.

b. Percentage of funds may not add to 100 horizontally each year because all activities could not be categorized in some communities.

Among the three types of jurisdictions in the sample, suburban communities (satellite cities and urban counties) collectively tended to direct a greater share of funds into new activities than did central cities. In part, this may be related to the generally smaller size of the grants to satellite cities and some of the urban counties of the sample. A decision to fund a one-time capital project may mean a large share of the grant is going to the new activity, as illustrated by the fire house funded in the fifth year in Huntington Beach, Calif.; half of the city's grant went for the project, pushing the level of new activities from 17 percent in year 4 to 85 percent in year 5. It should be noted, however, that when the satellite cities are examined individually, 7 of 12 (58 percent) allocated at least 70 percent of their funds in both the fifth and sixth years to continue CDBG or categorical activities; the comparable figures for the central cities were 18 of 30 (60 percent). For urban counties the continuity is much less. Only 3 of 10 (30 percent) had such a high level of continuity in allocations in the fifth and sixth years. For the urban counties, this may reflect a local decision to shift funds among municipalities or within the unincorporated areas directly controlled by a county.

Among the individual jurisdictions and between years within a community, there was considerable difference in the allocations going to these categories. For example, in the sixth year, Newark, N.J., allocated only 5 percent of its funds to new activities. The city allocated almost half of its grant for continuation of its urban renewal project. By contrast, in Atlanta, Ga., nearly 80 percent of that city's money in the sixth year went for new activities with no funds directed to activities carried over from the categorical period. Much of the new activity was in the housing category. In previous years the city's neighborhood revitalization activities were oriented toward public improvements; under HUD pressure the city greatly increased its housing allocations in the sixth year.

Changes in the "rules of the game" have probably contributed to some of the shifting of funds among individual activities. As noted earlier, HUD pressure to limit social service spending primarily to neighborhood strategy areas did reduce spending on such services. Also, the regulations issued by HUD in March 1978 could be interpreted to limit code enforcement activities to NSA's. And, as stated above, HUD officials started to press some communities for more housing activities. HUD pressure on some communities to spend their money faster also influenced the choice of specific activities to be funded. We do not know how much money was shifted around because of such changes in the rules; our point is that such changes in the rules are among the many factors that account for some of the allocation decisions made in the fifth and sixth years.

Nevertheless, with over two-thirds of the aggregate funds in the sample directed toward continuation of activities started earlier under the block grant, we conclude generally that considerable stability has been achieved in the choice of activities. We now shift from the level of activity choices to broader categories of development priorities.

Stability and Change in Development Strategies

Background

The decline in allocations for urban renewal noted above did not mean that communities had rejected the urban renewal approach to urban development. In the early period of urban renewal, which started in 1949, the program (then called urban redevelopment) emphasized demolition and new construction and generally was concentrated in the downtown commercial and adjacent low-income residential areas. The general tendency was to demolish parts of the old central business district and adjacent low-income housing and construct new commercial buildings and, sometimes, upper income housing. By the mid-1960's, the emphasis began to shift to renewal and rehabilitation concentrated in residential areas. These neighborhood-oriented projects generally combined rehabilitation of housing and neighborhood commercial areas, rebuilding of streets and sidewalks, replacing water and sewer facilities, installing new street lighting, and revitalizing or developing facilities such as neighborhood parks and social service centers.

This neighborhood orientation was further emphasized in the neighborhood development program (NDP) enacted by Congress in 1968 as an alternative to the conventional large-scale, comprehensive renewal approach. One objective of NDP was to give communities greater flexibility by allowing them to undertake renewal activities in several areas simultaneously rather than concentrate on a comprehensive large-scale project. The NDP approach also permitted communities to stage different activities, as needed, in different target areas.

While the NDP program gave communities more development flexibility, the funding arrangements tended to offset some of that advantage. Under the original urban renewal program, when a project was approved a sum of money was reserved to complete the project over a specified period of time. Because of rising costs and changes in project design, the funds set aside were often insufficient and communities had to seek additional funds through project amendments.

The result was that large sums of money were tied up for years, thus limiting the number of new projects that could be approved. The NDP changed this funding arrangement to a system of annual grants. The amount provided each year was based on how much money was needed to complete a given amount of work within the year. Since communities could not be assured in advance of how much money they would receive, annual funding introduced a stop-and-start character to the program which was further complicated by delays in HUD approval of funding increments.

What the CDBG program brought to development planning was the assurance of annual funding through the formula entitlement system. This arrangement also eliminated the need for a comprehensive plan, required for conventional urban renewal projects, as a condition for program approval and funding. Communities were given the greater flexibility of the NDP approach and frequently carried over to the block grant the neighborhood revitalization approach of NDP, thus providing some important strategic continuity between the old programs and the new block grant. By the sixth year of CDBG, neighborhood revitalization was the dominant development "strategy" of communities in our sample, whether or not they had participated in the earlier programs.

Development Strategy Under CDBG

In analyzing development "strategy" we use the term strategy cautiously; we do not wish to give more order to local programs than may exist. In some communities (we cannot determine the number), strategy is more the fortuitous coming together spatially of discrete activities than a long-term development plan based on an assessment of priority needs and directed toward stated goals, which is implied in the word strategy. We examine three aspects of local development strategies and the extent to which they indicate that local development approaches have tended to become relatively fixed.

1. To analyze the programmatic strategy of the block grant, we examine allocations to housing and neighborhood conservation activities (streets, sidewalks, water and sewer facilities, street lights, parks, etc.), which are the major program elements that make up a neighborhood revitalization strategy.

2. To analyze geographic strategy, we examine the trend in the distribution of activities among census tracts.

3. Geographic strategy is also examined by looking at the increase or decrease in the number and size of CDBG target areas in the sample communities.

Neighborhood Revitalization--the Dominant Strategy. One indicator that neighborhood revitalization has become the dominant strategy is the programmatic concentration of CDBG-funded activities from all program categories in target neighborhoods. We asked associates to designate which activities in the local application were, in their judgment, part of a CDBG-funded neighborhood revitalization package. We then aggregated these activities in the central and satellite cities in the sample to determine the proportion of funds in each year that had been directed toward such a strategy.

Neighborhood conservation activities, by the definition presented at the beginning of this chapter, describe a program category directed entirely toward neighborhood revitalization. Also by definition, none of the general development activities were assigned to neighborhood revitalization. The analysis does not cover instances in which a single CDBG activity was part of neighborhood revitalization strategy funded from non-CDBG sources. For example, CDBG funds may be used to upgrade or develop a neighborhood park as part of a general area revitalization that also includes street and sidewalk repairs funded from local tax revenues and housing rehabilitation funded from the Federal 312 program. This analysis also does not cover allocations to continue work on downtown urban renewal projects. Because we did not include such activities in this analysis, program concentration is not equated with geographic targeting; that is, this does not mean that funds not accounted for in our program concentration analysis are therefore being "spread" throughout the community.

Over the first 4 years of the program, the share of funds designated by associates as part of a neighborhood revitalization strategy grew from 35 to 47 percent; this increased to over 50 percent in the fifth and sixth years, although the sixth year showed a slight decline (table 4-5). The largest single increase occurred in the satellite cities between the first and second years, perhaps reflecting some efforts by the Ford Administration to encourage concentration, or a shift in local approaches as these communities (some of which were receiving HUD development funds for the first time) gained experience with the program. The slight overall drop in the sixth year may indicate that such concentration has peaked, but this could not be concluded on the basis of a small drop in the final year of the research; a longer observation period would be needed.

Table 4-5. Unweighted Mean Percentage of CDBG Funds Allocated for Neighborhood Revitalization Activities, by Type of Jurisdiction, Years 1 through 6

Type of jurisdiction[a]	Total jurisdictions	Program year 1	2	3	4	5	6
Central cities	30	36	35	44	45	50	47
Satellite cities	12	34	49	51	53	60	59
Total	42	35	39	46	47	53	51

Source: Field research data.

a. Urban counties were not included in this analysis.

Continuing the analytical approach of our previous report, we also analyzed neighborhood revitalization using the urban conditions index, and again found that better-off communities were more likely to direct large shares of their funds into neighborhood revitalization (table 4-6). This was not surprising. Because their problems are less severe, the better-off communities can more readily direct a larger share of their funds into smaller areas having the greatest needs, while the more distressed communities generally have to allocate funds for a wider range of needs and constituent demands, some based on participation in the programs consolidated into CDBG. For the distressed communities it is more difficult to concentrate activities as discussed below in the analysis of the spatial distribution of activities and the delineation of target areas.

Housing, Streets, and Sidewalks--the Dominant Activities. At the outset of CDBG, housing and neighborhood conservation activities were among the major program categories funded through the block grant. By the third and fourth years these activities were the leading choices and frequently had been combined into a revitalization strategy in many of the sample communities. By the sixth year the data indicated that neighborhood revitalization was the centerpiece of local CDBG. Housing activities, primarily rehabilitation, tended to be targeted to revitalization areas. As stated earlier, each of the 52 sample jurisdictions had a mix of housing and related public improvements, although in different proportions, and these categories accounted for over half of the funds in the sample.

In program years 5 and 6, more than half of the sample communities allocated more than half of their funds to housing and neighborhood conservation (table 4-7). And for most communities below the 50 percent level, these were the two leading categories with the remainder of the funds allocated to a wide range of other activities, some of which were also located in the neighborhoods selected for revitalization. Also to be noted from table 4-7 is that more suburban recipients (satellite cities and urban counties) tended to allocate a larger share of their funds for housing and neighborhood conservation than did central cities. Forty percent of the central cities earmarked more than half of their funds for these activities in the sixth year, compared with more than two-thirds of the suburban recipients in the sample, supporting the point made above--better-off communities can more easily concentrate the kinds of activities chosen as well as the geographic area of spending.

Table 4-6. Unweighted Mean Percentage of CDGB Funds Allocated for Neighborhood Revitalization Activities, by Ranking on the Urban Conditions Index, Years 1 through 6

Ranking on urban conditions index[a] (mean = 100)	Number of jurisdictions	Program year					
		1	2	3	4	5	6
Less than 100 (relatively affluent)	18	39	50	56	55	62	57
100 - 250 (moderately distressed)	14	37	34	44	43	40	44
250 and above (severely distressed)	10	27	22	30	43	50	45
Total	42	35	39	46	47	53	51

Source: Field research data.

a. See footnote to table 3-3 for an explanation of the urban conditions index.

Table 4-7. Number of Jurisdictions and Level of Allocations for Housing and Neighborhood Conservation Activities, by Type of Jurisdiction, Years 1 through 6

Type of jurisdiction	Percent of allocations		
	0-24	25-49	50 or more
Central cities			
Year 1	9	13	8
Year 2	9	13	8
Year 3	5	16	9
Year 4	0	17	13
Year 5	1	13	16
Year 6	1	17	12
Satellite cities			
Year 1	4	4	4
Year 2	3	2	7
Year 3	4	0	8
Year 4	2	3	7
Year 5	2	2	8
Year 6	1	3	8
Urban counties			
Year 1	4	4	2
Year 2	2	6	2
Year 3	2	6	2
Year 4	2	4	4
Year 5	0	6	4
Year 6	0	3	7
Total			
Year 1	17	21	14
Year 2	14	21	17
Year 3	11	22	19
Year 4	4	24	24
Year 5	3	21	28
Year 6	2	23	27

Source: Field research data.

By the sixth year there appeared to be a leveling off of funding for housing and neighborhood conservation activities. As shown in table 4-1, the unweighted mean for the two categories together was 50 percent in the fourth year, increasing to only 52 percent for both the fifth and sixth years after showing steady increases in the earlier years. Also, as shown in table 4-2, there was little growth in the amount of dollars earmarked for housing and neighborhood conservation activities between the fifth and sixth years after showing substantial increases in each of the previous 4 years.

Another indication of increasing stability in local priorities was that there were fewer large shifts, upward or downward, in allocations to housing and neighborhood conservation by individual communities in the sample. Using as an indicator of stability a change of 10 percentage points or more in allocations to the two categories between years, the data showed that only 19 jurisdictions, 36 percent of the sample, made a change of this size between the fifth and sixth years; in the previous years the number making shifts of 10 percentage points or more was about 26 each year, half of the sample.

However, in most of the 19 jurisdictions making the large changes, the increase or decrease did not appear to be a change in basic priorities. In a few cases the change was a bigger-than-average increase in allocations that had been rising steadily. For example, Dade County, Fla., increased its allocations to housing and neighborhood conservation from 45 to 57 percent between years 5 and 6, continuing a steady increase that had been occurring since the first year. A similar pattern occurred in King County, Wash. In some cases the large shifts came because the community earmarked a sizable part of the grant for a large, one-time allocation and thus did not represent a shift in basic priorities. Frequently the one-time project went into the target area where the housing and neighborhood conservation activities were concentrated. For example, Huntington Beach used half of its fifth-year grant for a new fire house in the target area; in the sixth year allocations to housing and neighborhood conservation activities went back to 77 percent, only slightly below the 83 percent earmarked for those purposes in the fourth year. In Atlanta, allocations for housing and neighborhood conservation activities dropped from 56 percent in year 4 to 25 percent in year 5 because the city had to use 41 percent of its grant to pay back HUD for prior urban renewal and NDP loans; in the sixth year allocations returned to 60 percent, although as noted earlier the focus of neighborhood revitalization activities shifted from public improvements to new housing activities.

There were, however, a few communities where a basic change in priorities did occur in the fifth or sixth year. For example, in Cleveland, Ohio, a change of mayors between the fourth and fifth years resulted in the beginning of a shift away from neighborhood conservation activities (primarily reconstruction of sewerage systems) in target neighborhoods to general public improvements, primarily bridge repairs for which Federal matching funds were available. In East Orange, N.J. HUD pressed the city to shift from a social services emphasis to physical development. As a result, social services declined from 33 percent in year 5 to 14 percent in year 6; housing allocations increased from 11 to 30 percent.

We do not wish to overinterpret the data showing a leveling off of allocations for housing and neighborhood conservation activities and a declining number of communities making shifts of allocations exceeding 10 percent. They suggest to us that, overall, local program priorities may be stabilizing, but some of these indications were only recently found and could change again in the future. This may be the case particularly in those communities where a change in political leadership or fiscal conditions may mean new priorities, or where the strategy is largely the result of HUD pressure rather than the product of local choices. In the latter case, any lessening of HUD pressure could lead to a further shift in local priorities.

Further, CDBG is a very flexible program and is subject to considerable shifting of funds even where a basic strategy such as neighborhood revitalization is unchanged. For example, Boston maintained a neighborhood-oriented program but started to shift in the sixth year from housing rehabilitation to commercial district revitalization because city officials felt the rehabilitation market was "saturated." In some communities the housing and neighborhood conservation activities collectively remained stable, but funds shifted from one category to the other, usually from streets and sidewalks to housing. In some communities the shifting of more funds to housing reflected the demand by residents for such assistance. And in some jurisdictions this occurred because of HUD pressure to spend more on housing. Among the jurisdictions reporting HUD pressure for added housing allocations were Atlanta; Columbia, S.C.; East Orange; Huntington Beach; Jacksonville, Fla.; and Los Angeles and Orange Counties, Calif. Chicago, through an amendment to its application, shifted $8.7 million to housing rehabilitation under pressure from HUD to spend its money faster; the city had a large backlog of applications for housing assistance.

Geographic Concentration. The above discussion of neighborhood revitalization provides information on the programmatic emphasis of community strategies, but it does not indicate to what extent such revitalization activities are geographically concentrated or spread around in a community. We cannot make an analytic overlay of these two aspects of local strategy, but we did examine the overall targeting-spreading trends for the sample jurisdictions. For each program year we counted how many census tracts in a jurisdiction received at least one CDBG-funded activity. This did not mean that each tract received an equal number of activities or that each activity was equal in value; for example, one tract may have had only a small recreation project while another tract may have had a large housing rehabilitation program. Also, the activity was not necessarily directed toward neighborhood revitalization.

For the first 3 years the trend had been toward more geographic spreading of activities. A small downward trend started in the fourth year (table 4-8). Between the fourth and fifth years there was a relatively large decline in the percentage of census tracts receiving CDBG allocations, thus showing increased spatial concentration of activities. In the sixth year there was a slight upward trend of 2 percentage points, but the net change between the fourth and sixth years was a drop of 6 percentage points in the number of census tracts getting at least one CDBG activity. One might conclude that the large decline in the fifth year may have resulted from the new HUD regulations on neighborhood strategy areas, forcing greater geographic concentration of funds. Another factor may have been the new application format, discussed in chapter 2, which became effective in the fifth year and made the spatial distribution of activities potentially more evident to HUD reviewers. However, the relationship between policies, decisions, and outcomes in the CDBG program is too complex for overextended generalizations about causal relationships.

As measured by the urban conditions index, the greatest concentration of activities was in the 18 better-off communities (table 4-8). In that group, allocations went to only about one-third of the census tracts. In the 10 most distressed communities more than two-thirds of the census tracts had at least one activity.

We repeat from our previous report:

> This tract pattern is probably linked in large part to the income eligibility of the tracts. HUD defines a low-income tract as one in which the median family income is less than 50 percent of the income

Table 4-8. Unweighted Mean Percentage of Census Tracts Receiving CDBG Allocations, by Level of Community Distress, Years 1 through 6

Ranking on urban conditions index	Number of jurisdictions[a]	Program year					
		1	2	3	4	5	6
Less than 100 (relatively affluent)	18	27[b]	37	43	40	32	32
100 - 250 (moderately distressed)	13	44	53	55	54	46	54
250 and above (severely distressed)	10	68	74	78	74	68	66
Total	41	42	51	55	53	45	47

Source: Field research data.

a. New York City was not included because it did not make allocations by census tracts in some program years.

b. Greece, N.Y., and El Monte, Calif., made only citywide allocations in the first year, thus making this percentage low.

level of its metropolitan area; a moderate-income level is 51 to 80 percent of the metropolitan level. Thus, the better-off jurisdictions have fewer eligible low- and moderate-income tracts than the more distressed communities. This produces a seemingly anomalous result: The most distressed cities have the greatest geographic spreading of CDBG-funded activities.[4]

Designating Target Areas

The third aspect of local strategy we examined was the size of target areas and the stability of areal strategies. This analysis covered 40 central and satellite cities in the sample.[5] Urban counties were not included because of the difficulty in getting such information from each municipality receiving CDBG funds from the overlying county.

Overall, an average of 35 percent of the population in the sample jurisdictions was included in the CDBG target areas. However, there was considerable range among the sample jurisdictions, with the percentage of population included ranging between 5 and 70 percent. The tendency discussed above toward more spreading of activities in distressed cities was also found, not surprisingly, in the analysis of population included within the CDBG target areas. In the more distressed cities, an average of 41 percent of the cities' population was included in the target areas; in the better-off jurisdictions, the average was 26 percent. The type of jurisdiction did not appear to be significant in influencing the size of the target area. Central cities included an average of 34 percent of this population, compared with 35 percent for satellite cities.

To analyze stability of areal strategies, associates provided data for each program year on the number of target areas in the community and the percentage of population included to indicate the size of the designated areas. If a community had the same number of target areas and the same percentage of its population within those target areas in the fifth and sixth years, we concluded that its areal strategy was relatively stable. We also examined whether this areal stability had been achieved before or after the fifth year when HUD's new geographic targeting regulations became effective. Among the target areas of a community there may have been considerable year-to-year shifting in the share and kinds of activities. That is, in this section our focus is on the demarcation of target areas and not on the development strategy within the target areas.

In the analysis we did not distinguish between neighborhood strategy areas (NSA's) and other CDBG target areas. Generally, NSA's are defined in the regulations as a designated areas in which CDBG funds are concentrated in a way that will "produce substantial long-term improvements in the area within a reasonable period of time."[6] Communities frequently have both NSA's and other designated target areas where they can put CDBG-funded activities without being bound by HUD's NSA criteria.

The size of an NSA is to be relatively small so the concentration of spending will have an impact. Some NSA's in the sample were large but HUD was not enforcing the small-size requirement. In some cities a larger target area was subdivided into smaller target areas, some of which might be designated as NSA's. This increased the number of target areas without altering the total area or population included. In such instances we regarded this as no change in the areal strategy, although the pattern of CDBG allocations for specific activities might change.

In Rochester, N.Y., a single large target area covering about 45 percent of the population was subdivided into eight NSA's with about 25 percent of the population and a non-NSA target area with the remaining 20 percent. Prior to the change, the annual allocations tended to be widely dispersed within the single, large target area; after the changes, about 75 percent of the allocations went into the NSA's. The net result was an increased concentration of activities. In another community, the designations were more to meet HUD requirements than to alter allocations. As one city official said, "If HUD wants to play NSA, we'll play NSA."

Of the 40 cities in the analysis, we found that 15 had settled on the number of designated target areas and the proportion of population within them prior to the new regulations. In some cases the number of areas and population included was set in the first or second program year and remained the same through the sixth year. In a few of these cases, the number of target areas remained the same but associates reported that some preplanned rotation occurred; as CDBG activities were completed in one area, a new target area was designated. This group of cities tended to have a large proportion of population within the target areas. Twelve of the 15 had at least a third of their population within the target areas in the sixth year.

In another 15 cities, there were either increases or decreases in the size of the target areas in the fifth year with no further changes in the sixth year. In a few of these cities there were no designated target areas until the fifth year. For example, St. Louis had no formally designated target areas until the fifth year; there had been areas designated for housing assistance but the associate said these were more "for informational purposes than for locating areas needing CDBG funds." In the fifth and sixth years the city had 20 designated target areas covering 54 percent of its population.

In the remaining 10 cities, either complete data could not be obtained (5 cities) or there were changes between the fifth and sixth years in either the number and/or the size of the target areas, making it unclear whether a stable areal strategy had emerged.

Of the cities changing their target areas in the fifth year, 6 showed a decrease in the size of the target areas; 6 showed an increase. In 5 of the 6 cases where the size of the target areas was reduced, associates reported that HUD played a role in the decision; in each case there was also a reduction in the number of areas. The size of the target areas in these 6 cities tended to be small with only 1 city, Chicago, having more than a third of its population included. In reducing the size of the target areas in the 6 cities, the mean percentage of population included declined from 19 percent in year 4 to 14 percent in year 6.

In 4 of the 6 cities where the target areas were enlarged, associates reported the influence of local politics. In all cases, however, the expansion of the target areas was relatively small and did not represent a significant move in the direction of geographic spreading. The largest increase was in Cleveland where the percentage of the city's population in the target areas increased from 20 to 33 percent between the fourth and sixth years; the number of target areas increased from 8 to 15. But these increases represented a major decline in the population included in the first 3 years when 85 percent of the city's residents were included in 4 large target areas. In Worcester, Mass., the population of the city's 8 target areas increased from 42 to 49 percent between the fourth and fifth years and remained at 49 percent in the sixth year. The population expansion came largely from the city's closing the corridors between the target areas, joining them into 1 contiguous area with 8 different names based on neighborhoods. Through these areal adjustments Worcester was able to justify public works expenditures in the entire central core and adjacent areas of the city.

Social Targeting

In this section we examine social targeting, the distribution of program benefits among income groups. The first part extends into the fifth and sixth years the estimation of benefits based on data derived from local applications. However, it is in the implementation of CDBG activities where the potential benefits are converted into actual benefits. The second part of this section explores some implementation factors that may bear importantly on the actual benefit outcomes.

During the third and fourth years of CDBG, social targeting became the central issue of the block grant program as HUD officials put major emphasis on that provision of the law which seeks to direct program benefits principally to low- and moderate-income groups.[7] We concluded that the policy contributed to the increase in social targeting in the third and fourth years.

Before analyzing the fifth and sixth years, it is necessary to explain the methodology used to estimate the distribution of benefits.

Methodology

We repeat the cautionary statement in our previous report, Targeting Community Development.

> To analysts of social targeting, the policy issue is only part of the problem. Even if all parties agreed on how much and what kind of social targeting was desired, the difficult problem of measuring the result would remain. We note the importance of the measurement problem here to caution policymakers and other readers against giving too much weight to particular findings on the distribution of CDBG benefits. Although the research is useful in clarifying issues, general patterns and trends, and some selective results, the measuring problem is so complex that the findings should be treated cautiously. For this reason, we view our measurement approach as an estimation technique.[8]

Because of these limits, we do not use the names of communities when illustrating a point about the level of benefits based on the methodology.

The method used in this analysis is the same as that of our previous report.

What Is a Benefit? In this analysis, we are interested in who will benefit directly when the project is completed. We do not measure secondary or tertiary benefits. For example, in allocating income group benefits of a housing rehabilitation project, the associates considered the income group of the persons expected to occupy the housing units. Persons employed to do the repair work and the bank that made the rehabilitation loan also benefit from the project, but we did not measure these indirect benefits. The key terms are "direct" and "when completed." Although secondary and tertiary benefits are important in evaluating the total impact of the CDBG program, for methodological reasons our analysis concentrates on primary benefits.

The data are estimates of intended, not actual, allocations and benefits. The data are derived from grant applications approved by HUD and are not measures of expenditures. For this analysis, the sample is 41 jurisdictions (29 central cities and 12 satellite cities). Because the method is based partially on data organized by census tracts, we could not analyze the full sample. New York City was not included because in several years its application was prepared in a way that did not let us allocate substantial amounts of funds to individual census tracts, an essential step in our method. We excluded the urban counties because it was difficult to match the census tracts of the participating communities only and to collect detailed benefit data from individual municipalities receiving CDBG funds from the entitlement county.

Income Group Categories. We established four income groups following the HUD method of using as the benchmark the 1970 median family income of the standard metropolitan statistical area (SMSA) in which a jurisdiction is located. There have been major changes since 1970 in the income character of some census tracts in some of the jurisdictions. Unfortunately, income data organized by census tracts is available only from the decennial census. For the 1980 census, data organized by census tract will not be available for some time and analysis continues to be based on 1970 data. However, as stated later in this explanation of our method, associates have the opportunity to adjust benefits where they know there has been a major change in the income character of tracts where projects are located. The four income groups are as follows:

1. Low income: less than 50 percent of the SMSA median income.

2. Moderate income: 51 to 80 percent of the SMSA median income.

3. Middle income: 81 to 120 percent of the SMSA median income.

4. High income: 121 percent or more of the SMSA median income.

In addition, two other categories are included for allocating benefits:

5. Communitywide: where the kinds of direct benefits from the completed activity are known and the beneficiary group is the community as a whole; for example, widening a downtown arterial street which upon completion yields immediate benefits to users.

6. Nonallocable: applied to activities which have no direct benefits when completed and which income groups that will ultimately benefit from the completed activity are unknown and unknowable; for example, road paving in a new industrial park in which neither the kind of firms nor the kinds of employees to be hired are known. Since completion of the road yields no direct benefits until the park is developed, the benefits are nonallocable.

Because the income groups are relative to the SMSA in which they are located, there is no single set of dollar ranges for the different groups. In an SMSA with a median family income of $15,000, the median income for the low-income group is less than $7,500; in an SMSA with a median income of $20,000, it is less than $10,000.

In the presentation of data, the low- and moderate-income groups of the field report form are put into a single "low-moderate" category and the middle and high groups are consolidated into a "middle-high" category. Because of the methodological difficulties involved in benefits analysis, we chose to reduce the number of categories for analysis and thereby reinforce our earlier statement cautioning overinterpretation of the findings.

Estimating Benefits. The method of estimating benefits to an income group is based on: (1) income characteristics derived from census data, (2) decision rules on how to allocate benefits for different activities, and (3) informed judgments by the field associates about the benefits from individual CDBG activities. It is a three-step process.

1. Each field associate, working from the application initially approved by HUD, first disaggregates the community's program into individual activities and assigns each activity to one of the program categories defined at the beginning of this chapter. (See also the report form, appendix 1.)

2. The associate then considers the analytical decision rules, or assumptions, about the distribution of benefits from activities in each program category. The assumptions below are based on the income characteristics of census tracts or the community as a whole.

- Housing. Benefits are distributed among the four income groups on a proportional basis, based on the percentage of families in each group within each census tract.
- Neighborhood conservation. Same as housing.
- General development. Same as housing.
- Urban renewal continuation. Benefits are distributed among the four income groups on a proportional basis, based on the percentage of families in the four income groups within the jurisdiction.
- Social services. Benefits flow only to low- and moderate-income families and individuals.
- Social service facilities. Same as social services.
- Other public services and facilities. Same as housing.
- Economic development. Same as urban renewal continuation.

- Planning and administration. Benefits are nonallocable.

The decision rules assure that each field associate is judging his or her benefits decision against a uniform standard. These rules are not based on prior empirical research nor are they hypotheses to be proved or disproved; they are educated guesses.

In many communities, the application listed a single activity as going to more than one census tract. For example, an allocation might show that $500,000 was to be used for housing rehabilitation in 5 census tracts. In such cases, the amount allocated to an individual tract was prorated on the basis of the type of activity. The prorating system used was as follows:

- Housing--

$$\frac{\text{Number of housing units in tract}}{\text{Number of housing units in project area}} \times \text{project dollars}$$

- Social services, social service facilities, public service facilities--

$$\frac{\text{Population of tract}}{\text{Population in project area}} \times \text{project dollars}$$

- Neighborhood conservation, general development, economic development, urban renewal continuation--

$$\frac{\text{Project dollars}}{\text{Number of tracts in project area}}$$

3. For each activity, the field associate must state whether he or she agrees or disagrees with the assumption about the benefit distribution. If the associate disagrees, he or she assigns a different benefit allocation. For example, in one community the continuation of an urban renewal project may involve a downtown commercial redevelopment project; the associate may agree with the assumption that on completion, the project benefits will be distributed among the four income groups in proportion to their numbers in the community. An urban renewal project in another community, however, may be a neighborhood project focused on housing and infrastructure improvements; in this case, the associate may disagree with the assumption and base the benefits analysis on the proportionate numbers in the census tracts of the renewal area rather than in the total jurisdiction.

Other bases for modifying the assumption would be a major change in the income mix of a census tract since the 1970 census or knowledge about the particular location of an activity within a tract. If, for example, the percentage of lower income families in an area has significantly increased since 1970, the field associate may alter the distribution to reflect the change. The field associate may also change the benefits allocation in cases where program activity is located in a low-income section within a census tract that has a high proportion of higher income families, and where accepting the assumption would understate the lower income benefits; the opposite situation might also occur.

The associate may also decide that the benefits of a particular project are "communitywide" or "nonallocable." Benefits from activities designated by field associates as communitywide could be allocated among income groups on a proportional basis. However, because the activities are intended for such general use and lack any identifiable income specificity, we chose to keep them in a separate category. It could be argued that the same might apply to a downtown urban renewal project, but because of the history of that program and its significance to CDBG allocations in some communities, we retained urban renewal continuation as a disinct program category for making benefit allocations. Funds for planning and administration automatically fall into the "nonallocable" category, although a proportional rule could be applied. Certain kinds of projects may also result in nonallocable benefits. For example, an urban renewal completion project may involve demolition and clearance in the hope that the cleared area will be used for housing or commercial development in the future. But if the final use is not known at the time of the field observation, the associate must classify the benefits as nonallocable.

This approach to benefits analysis is particularly suited to our field network approach. It takes advantage of the associate's knowledge of the community and the program he or she is following. It is based on uniform decision rules against which each associate makes an informed judgment. And, most important, it allows the associates to modify the benefits assumptions.

Stability and Change in Social Targeting

As measured by the unweighted mean, overall there was a slight decline in the level of social targeting in the fifth year, from 62 to 60 percent, a reversal of the trend of the first 4 years of the program (table 4-9). In the sixth year benefits to lower income groups were 61 percent of allocable benefits, 1 percentage point below those in the fourth year. Benefits to the middle-upper income group also showed a slight drop from the fourth year. The overall shift was to return to a slightly higher level of communitywide benefits, 5 percent, which had dropped to 2 percent in year 4.

On the basis of dollar allocations, the weighted mean, our data showed that the upward trend over the first 3 years leveled off in year 4 and began to decline in the fifth and sixth years, declining from the high of 64 percent in the fourth year to 61 percent in the sixth year (table 4-10). The continued increase in total dollars is partly attributable to larger total allocation to the sample communities.

The findings of our monitoring research are based on the allocations that associates were able to distribute among income groups; about a fourth of the money was not allocated. As stated in the methodology, funds for planning and administration automatically were placed into the nonallocable category, as were allocations to activities for which the benefits and beneficiaries could not be known at the time the allocation was made by the associate. Planning and administration represented about 22 percent of the nonallocable funds.

The overall decline in social targeting was primarily the result of the drop in lower income benefits among the satellite cities in the sample (table 4-9). It was this same group of cities which accounted for the significant rise in lower income benefits in the earlier years; their level of social targeting increased from an unweighted mean of 46 percent in the first year to 63 percent in year 4. In the fifth year, the satellite cities showed a 9 percentage point drop in the level of benefits while the central cities showed a 1 percentage point increase. Both central and satellite cities showed little change between the fifth and sixth years. By the sixth year the satellite cities had

Table 4-9. Percentage of CDBG Allocations Among Income Groups, by Type of Jurisdiction, Years 1 through 6 (unweighted mean percentages)

Type of jurisdiction	N	Income group		
		Low-moderate	Middle-high	Community-wide
Central cities				
Year 1	29	57	34	9
Year 2	29	57	37	6
Year 3	29	62	33	5
Year 4	29	62	36	2
Year 5	29	63	31	6
Year 6	29	63	32	5
Satellite cities				
Year 1[a]	12	46	35	11
Year 2	12	51	43	6
Year 3	12	54	39	7
Year 4	12	63	35	2
Year 5	12	54	43	3
Year 6	12	55	41	4
Total				
Year 1[a]	41	54	35	9
Year 2	41	56	38	6
Year 3	41	60	34	6
Year 4	41	62	36	2
Year 5	41	60	35	5
Year 6	41	61	34	5

Source: Field research data.

a. First-year data do not add to 100 percent. The field associate for one jurisdiction reported that the entire allocation for that year was nonallocable to any income group.

Table 4-10. Allocations to Low- and Moderate-Income Groups (weighted mean percentages)

Type of jurisdiction	Allocable amount	Allocation to low-moderate (thousands of dollars)[a]	Percent
Central cities			
Year 1	282,525	166,690	59
Year 2	293,507	181,974	62
Year 3	306,469	196,140	64
Year 4	383,908	245,701	64
Year 5	432,324	272,504	63
Year 6	464,949	284,789	61
Satellite cities			
Year 1	13,286	7,042	53
Year 2	15,823	7,753	49
Year 3	19,325	10,435	54
Year 4	20,780	12,676	61
Year 5	17,390	9,825	56
Year 6	18,765	10,593	56
Total			
Year 1	295,811	174,528	59
Year 2	309,330	191,784	62
Year 3	325,794	208,508	64
Year 4	404,688	259,000	64
Year 5	449,724	282,329	63
Year 6	483,714	295,382	61

Source: Field research data.

a. Annual allocations of central and satellite cities do not add to the total because of rounding.

dropped to a level 8 percentage points below the central cities, whereas the satellite cities had been slightly higher in the fourth year.

The impact of the satellite cities can be seen also in the increase of the number of sample jurisdictions with estimated benefits to lower income groups below the 50 percent level (table 4-11). The number of jurisdictions with social targeting levels below 50 percent had declined from a high of 16 in the second year to 4 in the fourth year with satellite cities making the greatest difference. In the fifth year the number of communities below 50 percent increased to 8 and increased to 12 in year 6, with the satellite cities again representing the largest share of the change. In the sixth year, over 40 percent of the satellite cities in the sample were below 50 percent compared with a fourth of the central cities.

Using the urban conditions index as the measure of distress, the pattern after 6 years was that the more distressed communities tended to allocate a higher level of benefits to lower income groups than did better-off communities in the sample (table 4-12). In our previous report we stated that the most significant increases in lower income benefits had been in better-off satellite cities. This group of cities showed the sharpest drop in social targeting in the fifth year, declining 11 percentage points; in the sixth year they turned around and showed a 4 percentage point increase. The more distressed satellite cities showed a more gradual decline, but it extended over both the fifth and sixth years. Caution is necessary in analyzing these patterns because of the small number of satellite cities in each category; a change in only one jurisdiction can greatly influence the unweighted mean of the group.

We concluded in our previous report:

> Whether one distinguished by type of jurisdiction (central or satellite city), the level of distress, or both, the data show that the sample jurisdictions are becoming more and more alike in their degree of social targeting.[9]

The data for the fifth and sixth years did not support the same conclusion. Central cities showed a measurably higher level of social targeting than satellite cities and the more distressed jurisdictions (central and satellite cities combined) showed a higher level than better-off communities.

Table 4-11. Percentage of Low-Moderate Income Benefits in 41 Central and Satellite Cities, by Number of Jurisdictions

Low-moderate benefits (percent)	Number of jurisdictions											
	Year 1		Year 2		Year 3		Year 4		Year 5		Year 6	
	Central cities	Satellite cities	Central cities	Satellite cities	Central cities	Satellite cities	Central cities	Satellite cities	Central cities	Satellite cities	Central cities	Satellite cities
0 - 24.99	1	2	0	0	0	0	0	0	0	1	0	0
25 - 49.99	7	5	8	8	3	5	3	1	3	5	7	4
50 - 74.99	19	3	20	2	20	7	22	8	22	5	18	5
More than 75	2	2	1	2	6	0	4	3	4	2	4	2
Total	29	12	29	12	29	12	29	12	29	12	29	12

Source: Field research data.

Table 4-12. Percentage of CDBG Allocations to Lower Income Groups, by Level of Community Distress, Years 1 through 6 (unweighted mean percentages)

Urban conditions index level	Total jurisdictions	Program year 1	2	3	4	5	6
Central cities							
Below mean	10	57	56	62	61	61	61
Above mean	19	57	58	62	63	63	64
Satellite cities							
Below mean	8	40	53	51	63	52	53
Above mean	4	57	48	60	64	60	55
Total							
Below mean	18	49	55	57	62	55	57
Above mean	23	57	56	62	63	62	62

Source: Field research data.

Note: Cities above the mean are relatively distressed; those below the mean are relatively well off.

Benefits Analysis

We stated in our previous report, Targeting Community Development, that there had been an increase in the estimated level of social targeting among the sample jurisdictions in the third and fourth years. We concluded that two variables affected the level of social targeting.

The first variable was Federal "policy preference." The CDBG legislation contains several policy goals, with the potential for considerable conflict. On the one hand, a principal objective was to increase local discretion over spending choices vis-a-vis the perceived level of Federal control over the earlier categorical grants. On the other hand, the legislation included several substantive goals which, if pursued actively by Federal officials, were likely to erode the goal of greater decentralization of decisionmaking. At the beginning of the block grant, during the administration of President Ford, HUD officials adopted a "hands-off" policy, giving a preference to decentralization. Evidence of greater HUD involvement in local programs began to appear as early as the second year of the block grant, but a clear "hands-on" policy did not emerge until the administration of President Carter. Soon after the Carter Administration took office in 1977, as most communities were applying for their third-year grants, HUD officials began to emphasize the substantive goals of the program, particularly social targeting. The other major substantive goals are related to the prevention or elimination of slums or blight and meeting urgent community needs. Because of HUD's push on social targeting, through new regulations and aggressive review of local applications by HUD field officials, there appeared to be a linkage between that policy preference and the increase in social targeting found in the sample jurisdictions.

The second variable was that the kinds and mix of activities in a local program were important determinants of the distribution of benefits. That is, certain kinds of activities tend to result in a higher level of benefits to lower income groups and, therefore, a higher proportion of such activities is likely to raise the level of social targeting.

Combining the policy preference and program mix variables, we concluded in our previous report:

> Change among top officials within HUD itself could bring about a policy preference less oriented toward the social targeting goal; conversely, the policy preference could be for even more targeting. To the

extent that particular activities become part of the basic program structure, however, the same incrementalism that may limit large increases may also limit large decreases, regardless of the direction of Federal policy preference and regulations.[10]

Policy preference. There were no evident changes in HUD's social targeting policies during the fifth and sixth years, so there was no opportunity to test further the policy preference variable on that issue. President Reagan's Administration took office just as most communities were applying for their seventh-year grants.

In the previous chapter we stated that social targeting occurred in fewer jurisdictions as an intergovernmental issue during the fifth and sixth years than during the 2 prior years. We also noted that the greatest decline in the incidence of the issue occurred in satellite cities and urban counties and, on the basis of the level of distress, in better-off (below mean) jurisdictions. This is the same pattern for the decline in the estimated level of social targeting. As shown in table 4-9, there was a 9 percentage point drop the estimated level of lower income benefits in satellite cities between the fourth and fifth years. Further, as shown in table 4-12, that drop was even greater among the better-off (below mean) satellite cities.

An interpretation of this relationship might be that, given the improvement in social targeting levels in the third and fourth years, HUD field officials may have given less attention to the benefits issue at the application stage as they shifted emphasis to issues related to implementation, such as the level of expenditures. However, we would like to stress caution in overinterpreting the relationship between the incidence of the social targeting issue and changes in the level of such targeting.

Program mix. Changes in the kind and mix of activities in a local program may better explain the benefit changes. There are two factors that appear to influence the relationship between the kinds of activities and the distribution of benefits.

First, the difference in benefit levels between the program categories is partly explained by the differences in the kind of benefits produced by the activities. The social service and housing categories yield personal benefits; activities in these categories inherently give more benefits to lower income groups or can be designed to direct benefits more easily to low- and moderate-income groups. The other program categories yield locational benefits available to all residents in the project area, regardless of income. A higher level of lower income benefits can be realized if the project, such as a park, is located in an area where it is more likely to be used by lower income residents of the area. On the other hand, the project may be resurfacing of an arterial street going through a lower income neighborhood with the principal benefits going to higher income commuters. Regardless of whether the activity yields personal or locational benefits, the question of who actually benefits from a specific activity can be answered only by detailed survey work, a very expensive form of research beyond the scope of our approach.

The second factor that may influence the outcome of our estimation technique is methodological, involving the spatial distribution of lower income groups within the sample jurisdictions. Central cities of the sample tend to have larger areas with concentrations of lower income residents than do satellite cities. The proportionality rules of the methodology and the use of census tracts as the basic spatial unit for some of the major program categories may contribute to a higher level of social targeting in central cities than in satellite cities. This is suggested in the housing and neighborhood conservation categories (table 4-13). Both categories use the census tract as the basic spatial unit and in both categories the central cities have a consistently higher level of social targeting. However, there is also evidence that our reliance on the informed judgment of the associates may partially offset that problem. As already noted, both the housing and neighborhood conservation categories use the census tract as the basic spatial unit; further, activities in both categories are generally found together as part of a neighborhood revitalization strategy. If benefits were allocated simply on the basis of the proportion of each income group within a census tract, there likely would be little difference in the distribution of benefits between housing and neighborhood conservation activities in the satellite cities (or central cities). But the data showed a difference. In both central and satellite cities, housing activities showed a considerably higher level of benefits to lower income groups than did neighborhood conservation activities. This appeared to be related to decisions by field associates to substitute their knowledge about the individual activities for the decision rules. In the housing category, associates rejected the decision rules 34 percent of the time in year 5 and 39 percent in year 6, while rejecting the same rule for neighborhood conservation only 11 and 19 percent, respectively. Among all program categories, associates rejected the decision rules on 34 percent of all activities in year 5 and 35 percent in year 6.

If the proportionality rules were used solely, without allowing a change by the field associates, the benefit levels for the sample would have been 5 percentage points lower in both the fifth and sixth years, 56 and 55 percent, respectively.

As shown in table 4-13, social services, social service facilities, and housing activities yield the highest level of lower income benefits. A cautionary note is necessary because of the small numbers represented in some of the categories of the table. For example, in the general development category, there was a large decline in the percentage of lower income benefits between the fourth and fifth years in the satellite cities, dropping from an unweighted mean of 41 percent in the fourth year, to 13 percent in the fifth year, and to zero percent in the sixth. In year 4 the unweighted mean was based on 6 satellite cities which allocated funds to general development; in the fifth and sixth years the unweighted mean was based on only 2 satellite cities making such allocations. These small numbers make the unweighted mean a very volatile figure. The problem of small numbers is less in the housing and neighborhood conservation categories. There were 12 satellite cities in the sample and all made allocations to both program categories in the fourth, fifth, and sixth years; the changes between years were considerably smaller and better reflected average annual allocations for housing and neighborhood conservation for that group of cities.

We stated earlier that changes in the allocations of satellite cities had a disproportionate impact on the overall estimated level of benefits. Much of that impact came from changes in the program choices of four satellite cities.

Between the fourth and fifth years, the level of social targeting dropped an average of 20 percentage points for the four satellite cities. The largest drop among the four was 25 percentage points; the smallest was 11 points. Only one of these cities continued to decline in the sixth year; the others either leveled off or increased. All had been above the 50 percent level of social targeting in the fourth year. Three fell below that level in the fifth year and stayed there in the sixth; in these three communities associates reported that social targeting had been an issue with HUD in the third and fourth program years but not in the fifth and sixth years.

In one community the drop was related to reductions in allocations for housing and neighborhood conservation and increases for new economic development activities. In a satellite city with a 21 percentage point drop in the level of social targeting, the basic shift

Table 4-13. Percentages of Income Group Benefits, by Program Category, Years 1 through 6 (unweighted mean percentages)

Program category	Central cities			Satellite cities			Total		
	Low-moderate	Middle-high	City-wide	Low-moderate	Middle-high	City-wide	Low-moderate	Middle-high	City-wide
Housing									
Year 1	61	33	6	56	44	0	59	36	5
Year 2	64	35	1	58	34	8	62	35	3
Year 3	68	31	1	60	34	6	66	32	2
Year 4	68	32	0	69	28	3	68	30	1
Year 5	71	26	3	63	37	0	69	29	2
Year 6	69	28	3	67	33	0	68	30	2
Neighborhood conservation									
Year 1	56	42	2	41	54	5	53	45	2
Year 2	55	44	1	41	59	0	51	48	1
Year 3	57	41	2	44	52	4	53	44	3
Year 4	57	42	1	48	52	0	54	45	1
Year 5	56	41	3	41	51	8	51	44	5
Year 6	53	41	6	44	56	0	50	46	4
General development									
Year 1	38	33	29	23	43	34	35	36	29
Year 2	43	36	21	37	62	0	42	42	16
Year 3	49	33	18	30	50	20	43	36	19
Year 4	40	32	28	41	46	13	40	35	25
Year 5	46	34	20	13	37	50	42	34	24
Year 6	48	43	9	0	0	100	45	40	15
Urban renewal continuation									
Year 1	48	49	3	64	36	0	50	47	3
Year 2	43	49	7	55	45	0	45	48	6
Year 3	45	43	12	45	55	0	45	45	10
Year 4	47	43	10	45	55	0	47	44	9
Year 5	34	44	22	45	50	0	36	45	19
Year 6	44	45	11	30	37	33	41	42	17
Economic development									
Year 1	42	51	7	45	55	0	42	51	4
Year 2	37	52	11	34	66	0	37	53	7
Year 3	48	48	4	30	51	19	42	49	10
Year 4	46	47	7	61	39	0	49	45	9
Year 5	45	46	9	35	65	0	42	51	7
Year 6	44	49	7	35	65	0	42	52	6
Social services									
Year 1	89	1	10	60	7	33	84	2	14
Year 2	92	3	5	88	2	10	91	3	6
Year 3	97	3	0	97	2	1	97	2	1
Year 4	97	2	1	98	2	0	97	2	1
Year 5	88	5	7	95	5	0	90	5	5
Year 6	94	5	1	91	6	4	93	5	2
Social service facilities									
Year 1	94	4	2	70	10	20	89	5	6
Year 2	88	3	9	90	10	0	89	5	6
Year 3	82	9	9	85	12	3	83	10	7
Year 4	96	4	0	94	6	0	95	4	1
Year 5	96	4	0	92	8	0	95	5	0
Year 6	96	3	1	81	6	13	93	4	3
Public services/facilities									
Year 1	48	42	10	38	28	34	46	38	16
Year 2	49	42	9	15	21	64	41	37	22
Year 3	48	43	9	55	12	33	50	37	13
Year 4	56	43	1	61	39	0	57	42	1
Year 5	55	32	13	49	51	0	54	36	10
Year 6	51	34	15	38	37	25	48	35	17

Source: Field research data.

was from social services, the category most benefiting lower income groups, to housing and continuation of an urban renewal project. Another satellite city also showed a big drop in social targeting when it shifted from a large allocation for social service facilities in the fourth year to more neighborhood conservation activities in the fifth. In the fourth satellite city, the major shift was from social service facilities to housing.

In policy terms, the data suggested to us that, if social targeting continued to be the dominant preference of HUD officials, continued and particular attention would have to be given to the program choices since there is an important relationship between the kinds of activities funded and the distribution of benefits from the activity. There was an anomaly, however; social services, the program category most likely to benefit lower income groups, was the category where HUD pressed for less spending.

Suburban jurisdictions appear to be susceptible to the greatest fluctuations in social targeting. We are not stating that officials in suburban jurisdictions were less concerned than their counterparts in central cities about the needs of their low- and moderate-income residents; there were central cities where the benefit levels declined. We are suggesting that programs in these jurisdictions tend to be more easily diverted from the social targeting objective of the law. Their grants are relatively small and year-to-year shifting among program categories can lead to greater fluctuations of program benefits.

The balance between activities yielding personal or locational benefits also seems to be particularly important in the distribution of benefits; special attention must be given by those seeking more social targeting to proposed economic development activities, a growing program category, which tend to yield fewer benefits to lower income groups. Given the decline in allocations to social services in the past 2 years, housing has become the key program category for maintaining a high level of social targeting. We noted earlier that HUD has been pressing some communities for more housing activities.

Implementation and Social Targeting

Our analysis of social targeting was directed primarily to the estimation of intended benefits of activities specified in the local applications. However, as stated at the beginning of this section, the implementation process is ultimately where these estimations are converted into actual benefits. For example, income eligibility tests are frequently, but not always, attached to housing rehabilitation assistance. In many communities using income eligibility tests, the income level is set well above low- and moderate-income standards. The largest share of benefits may be intended for lower income families, but who actually receives the assistance is greatly influenced by who walks through the door of the local community development office and asks for a loan and/or grant. Who walks through the door is likely to be influenced by whether the assistance is in the form of a loan or a grant, how deep the subsidy is, and how aggressively local officials publicize the program in different neighborhoods.

Several associates reported that HUD had become involved with altering the standards of locally designed housing rehabilitation programs funded under the block grant, sometimes pushing to raise the eligibility standard and sometimes to lower it. In Hennepin County, Minn., HUD officials encouraged the county to raise its income eligibility standard to expand the pool of possible participants; the income standard suggested was that used in HUD's section 8 rental assistance program, up to 80 percent of the median income of the area. In Durham, N.C., the city, at HUD's suggestion, raised both the income eligibility standard to the section 8 level for the area and the grant limit to permit more thorough rehabilitation of the units. In Pittsburgh, Pa., the city agreed to lower the income eligibility for its major rehabilitation program to the section 8 level; the income level for a 9 percent loan had been $25,000. Two other smaller rehabilitation programs were already operating under the section 8 standard.

If housing rehabilitation is a key activity in achieving more social targeting, as it seems to be, it also illustrates the dilemma between social targeting and another substantive goal of the block grant program--prevention or elimination of slums or blight. Some communities have purposely designed CDBG-funded housing assistance programs to encourage better-off homeowners to seek aid and remain in the neighborhood to help stabilize the socioeconomic mix. This was illustrated in Cleveland Heights, Ohio. That city had a program to purchase deteriorated homes in lower income neighborhoods, rehabilitate them, and resell them at market value, usually between $30,000 and $40,000. According to the associate, this is "part of an overall strategy to stabilize a neighborhood that might otherwise deteriorate." The city saw the program as promoting a mix of income levels and insuring that the purchaser would be able to maintain the renovated house. HUD officials argued that this benefited primarily a middle or upper income family and that the home should be sold below market value or on special terms to a lower income family.

The implementation process is equally important in activities providing locational benefits. For a variety of reasons a community may shift the location of an activity that was in the application to another target area or to another place within the same target area. There may be good reasons for doing this, such as shifting the location of a street to be resurfaced to coordinate the work with a utility company's plans to relocate an underground cable. The potential mobility of the many activities that make up a local CDBG program can have an important effect on the distribution of locational benefits. Thus, a key question concerning program implementation and benefits is not--Is the community doing what it said it was going to do in the application? but--Is the community doing what it said it was going to do in the application, and where it said it was going to do it?

Reprograming and social targeting. An insight into the effects of implementation on social targeting can be seen by examining the reprograming of funds. By reprograming we mean when the amount of funds finally allocated to an activity is different from the amount specified on the application originally approved by HUD; reprograming can be an increase or decrease in allocations for an activity. In this section we examine primarily the reprograming that took place within the program year in which the original allocation was made; that is, the allocated or budgeted amount for an activity on the last day of the program year differed from the amount in the original application approved by HUD for that program year. Reprograming can and does occur also across program years; for example, the amount of funds allocated to an activity may not change within the program year, but money is added or taken away in a later program year. Frequently the most significant shifting of funds occurs in later program years. A brief, but general, discussion of such later-year reprograming is also presented in this section. Thus, the data are likely to understate both the amount of reprograming that occurs in many jurisdictions and the effects of such reprograming on the level of social targeting as well as other elements of the local program.

There are some important limitations to this analysis which must be emphasized. Our discussion focuses primarily on reprograming within a program year because of the great difficulty in getting uniformly reliable cumulative data on program changes.[11] Because of local data problems, reprograming data were available for only 17 jurisdictions, thus limiting our interpretation of the findings. This included data for 4 urban counties. Since urban counties were not included in the social targeting analysis, examination of the effects of reprograming on the distribution of benefits is applied only to the 13 cities where matching data were available. Those data covered only the first 4 years of the program; final data for the fifth program year were not available at the time the field work was carried out.

There are many reasons why a community may increase or decrease funds for an activity or shift funds to undertake a new activity as it implements its program. Among the reasons are:

1. The original amount allocated in the application was only a cost estimate, and often a very poor one, and it subsequently became necessary to add money or reprogram a surplus.

2. Implementation problems occurred and the activity could not be carried out or had to be delayed and in the interim the money was transferred to another activity. This was sometimes done under HUD pressure to get the money spent.

3. Officials simply changed their minds and decided to do something else or raise or lower the priority of an activity by giving it more or less money. Politics sometimes plays a part in such changes.

4. HUD gave only tentative approval to a certain activity, pending local clarification of certain aspects of the activity, and subsequently rejected the activity.

5. An unanticipated opportunity or need occurred and funds were diverted to it.

6. Funds were allocated to an activity with local executive officials fully anticipating a later decision to shift all or part of the money. An extra large allocation may have been made to an activity simply to keep the local legislative body from funding its "pet projects" or to avoid problems with HUD's approval of the application.

7. Costs increase to the point where an activity must be dropped or substantial funds must be added.

The most commonly cited reasons for reprograming were implementation problems and the difference between estimated and actual costs. The latter reason for shifting funds has become a standard feature of financial management of the block grant. This is particularly true for capital projects which, because of the longer time lag between allocation and expenditure, are more sensitive to the impact of inflation than operating costs where funds are expended more quickly, the largest part going for salaries.

Reprograming probably occurs in every community, although the extent varies from very little to very much. A large part of this reprograming is carried out through decisions made entirely by local officials. Local procedures for reprograming vary greatly, sometimes involving legislative approval and sometimes requiring only administrative decisions. Shifts in the category of activity usually require approval by the local legislative body, while shifts among the same kinds of activities may be left to administrators. There are also Federal limits to how much reprograming can be done without submitting the changes to public hearing and to HUD for its approval. Generally, HUD approval of changes is required where 10 percent or more of the entitlement grant of a program year would be reprogramed, through a single large change or the cumulative effect of smaller changes, to new activities or alter the "purpose, location, or class of beneficiaries of previously approved activities," or some combination of these purposes.[12] The regulations apply to changes within a program year and to those that would result in exceeding the 10 percent criterion of a previous program year. When HUD approval of the changes is required, the community must also submit the proposed amendments to local public hearings. The above criteria mean that many small program changes can be made at the discretion of local officials.

Among the 13 cities where the effects of reprograming on social targeting could be analyzed, except for the first year, the changes tended to lower slightly the level of benefits to low- and moderate-income groups. As shown in table 4-14, the estimated level of social targeting in the first year remained the same after the revisions were made, with a drop of 1 or 2 percentage points in years 2, 3, and 4 of the program.

We repeat the caution stated earlier. The revised data were based on only 13 of the 41 jurisdictions used in the full analysis of social targeting. The small number means that the unweighted mean was subject to greater change by a large shift in 1 or 2 jurisdictions. For example, in the first year 1 city with an original benefit level of 77 percent had a drop of 21 percentage points after reprograming. If this extreme case were left out, the original level of benefits for the other 12 cities would have been 59 percent, increasing after the revisions to 61 percent. If the one extreme case in the second year were left out, the benefit level for the other 12 cities would have shifted from a loss of 2 points to an increase of 1 percentage point. There were no similar extremes in the third and fourth years which showed declines after funds were reprogramed.

As the program progressed, the number of cities which had a decline in social targeting after reprograming began to increase (table 4-14). In the first year only 3 of the 13 cities had a lower level of social targeting after their program revisions; by the fourth year the number increased to 8.

We found few instances where the level of low- and moderate-income benefits changed more than 5 percentage points after reprograming. In the first year only 4 cities had changes greater than 5 percentage points; the number of cities for the subsequent 3 years were 1, 2, and 3, respectively.

Because our analysis of reprograming was limited to the first 4 program years, we were not able to measure the effects of HUD's "use or lose" policy which was pressed in the fifth and sixth years. Associates reported generally that the policy had little effect on basic local strategies, although this was not always the case. For example, in Houston, where the policy was most evident, the associate reported that the general pattern was to shift funds earmarked for housing rehabilitation to parks, storm sewers, water main improvements, and other public facilities and services. This was a shift from activities yielding personal benefits to those yielding locational benefits; this would generally mean a reduction of estimated benefits to lower income groups.

The HUD pressure for getting funds spent also extended in some jurisdictions to surplus funds from earlier years. In such cases activities had been completed but not all of the budgeted funds had been needed. Usually the surplus for any single activity was small but the collective surpluses could add to a significant amount of money. In Worcester, Mass., the city had approximately $315,000 in accumulated surplus funds from the first 4 years. The bulk of the surplus was from planning and administration. In the fifth year, under HUD pressure, the city reallocated most of the money for housing rehabilitation. In

Table 4-14. Effects of Reprograming on Social Targeting in 13 Jurisdictions, Years 1 through 4

Program year	Benefit level (unweighted mean percent)		Number of changes		
	Original	Revised	Increase	Same	Decrease
Year 1	61	61	6	4	3
Year 2	59	57	6	4	3
Year 3	62	61	6	2	5
Year 4	63	61	3	2	8

Source: Field research data.

contrast to Houston, this reprograming probably resulted in additional benefits for lower income residents.

In summary, reprograming within a program year appeared to have some effect on social targeting. Over the 4 years there was a slight downward trend in the level of benefits and an upward trend in the number of jurisdictions where reprograming lowered the level of social targeting. For advocates of more social targeting, the trend is a negative one. However, because of the limited sample size we regarded the trend as inconclusive.

On the basis of the above, we would be skeptical of any general interpretation that local reprograming was a means of quietly but explicitly cutting the level of social targeting. First, as we stated above, the pattern of lower benefits that did appear was inconclusive. Second, most of the cities where reprograming did lower benefits had a level of social targeting that was likely to fit HUD standards in any case.

As we stated earlier, data on revisions of allocations in later program years could not be collected, so there was no measure of the cumulative upward or downward effect of reprograming on the distribution of benefits. However, in reporting reprograming activity, associates for 25 jurisdictions provided general information on reallocations of funds after the year when they were originally provided. Of the 25, 8 reported that such reprograming resulted in the shifting of funds between program categories; 14 reported that reprograming took place within program categories; 3 said that unspent funds were put temporarily into the local contingency fund and later were mixed with regular allocations so that it was not possible to determine whether there had been a shift in program categories.

In the 8 jurisdictions where funds shifted between program categories, to the extent that there was a pattern, it tended to be to shift funds from housing to public works activities because implementation of housing activities was proceeding slowly or public works activities were most prone to exceed original cost estimates. Associates for 2 jurisdictions reported that the shifts tended to be from public works to housing and social services. In 1 jurisdiction the pattern was mixed: In the first 5 years the programmatic gainers were social services and public works and the loser, housing; in year 6 the shifting reversed.

Given the relationship between the types of activities funded and the distribution of benefits, the above general information provided on reprograming in later program years indicated some lowering of benefits from the estimated level based on the original application. In most cases, however, the amount of reprograming tended to be relatively small; associates for only 3 of the 25 jurisdictions reported that a "great deal" of such reprograming had occurred.

Viewed generally, what appeared to lie behind both within-year and later-year reprograming was a series of ad hoc decisions to shift funds between program categories to deal primarily with a variety of implementation problems and the underestimation of costs. In the process of making such transfers, money might shift from a program category yielding a higher level of lower income benefits to one yielding a lower level. But such shifts tend not to be permanent ones and a shift one year might be followed in the next year with higher allocations to activities more beneficial to lower income groups. For example, in one city, major reprograming in year 2 from housing to urban renewal continuation was a major factor in the decline of lower income benefits from 55 to 21 percent; in years 3 and 4 housing was again a major development choice with urban renewal receiving no funding. In another city, reprograming funds from housing to general development in year 3 was partly responsible for a 9 percentage point decline in benefits; in the fourth year housing allocations were nearly doubled from the original level of year 3 while general development received very little funding. In a third city, the level of lower income benefits increased from 71 to 77 percent in the first year when allocations for social services were nearly doubled from 10 to 19 percent; in the second year social services went back down to 13 percent.

We are inclined to conclude that reprograming is an inherent feature of the block grant. Reprograming appears to be largely a management tool used by local officials--and sometimes HUD officials who press for reprograming--to keep the many kinds of activities under control and to speed program execution.

Conclusion

For our concluding observations on program priorities, areal strategies, and benefits, we step back from the data to take a broader look at the block grant and to summarize our general views and speculations that have emerged after 6 years of research.

Stability was the central theme of the program and strategy discussion and the data indicated to us that after 6 years the major programmatic and spatial decisions tended to become relatively fixed. That stability, manifested in the emergence of neighborhood revitalization as the dominant strategy, may reflect allocation choices oriented toward political and fiscal considerations and the status quo.

First, neighborhood revitalization enabled local officials to expand federally assisted programs into neighborhoods that had been bypassed in the predecessor urban grants; thus the strategy had considerable political appeal to the executive, legislative, and citizen participants. Second, it was a strategy heavily oriented toward the status quo; it left basically undisturbed the racial and socioeconomic mix of a community. Third, the block grant was sufficiently flexible to enable communities to use the Federal money to pay for a wide variety of activities making up a neighborhood revitalization strategy, activities that otherwise might have to be funded from local tax levies. That is, CDBG funds can be substituted for local revenues to carry out a variety of traditional local government functions.

Fiscal substitution is difficult to measure but it can be generally ssumed that it occurs in some jurisdictions, particularly in the program categories of neighborhood conservation and general public improvements which are heavily oriented toward streets, sidewalks, and park and recreation projects. The point is often made that these are traditional functions of local government and should be funded from locally raised revenues. It is one thing to say that this is what should be done and another for some fiscally hard-pressed communities to do it. The case against substitution of block grant funds might be pursued better in well-off communities with healthier and growing fiscal bases. In some distressed cities, CDBG funds may be the largest or only source of money to undertake the traditional kinds of public works and facilities. It is not difficult to imagine that under the new limitations on property tax rates in Massachusetts, if fully implemented, CDBG funds may become the only source for street and sidewalk reconstruction in some cities and towns as a larger share of shrinking local revenues are diverted to basic public services such as police and fire protection and public education.

Flexibility, an important characteristic of the block grant, requires more discussion. The ability to shift money among program categories, even while maintaining a basic neighborhood revitalization strategy or pursuing fiscal objectives, demonstrates the flexibility of the block grant. That flexibility is enhanced by what we see as local programs made up of small, discrete, interchangeable pieces. Neighborhood revitalization may be perceived as a coherent development strategy, but it is made up primarily of small, discrete activities. For example, the housing category is largely funds for housing rehabilitation during a given program year. If there is a need for a new fire house, the number of units can be reduced for a program year or some of the units can be funded from unspent funds from previous years, frequently unspent funds from other program categories. Similarly, neighborhood conservation activities can be disaggregated into individual blocks, or even linear yards, of streets and sidewalks and money can be moved around as needed without shutting down all such activities. Such divisibility can be found also among the activities in other program categories, such as social services and general public improvements.

Observers who are skeptical about the flexibility and greater local discretion of CDBG might view a development mechanism of small, highly interchangeable parts as bad. It can be a mechanism for political payoffs and tradeoffs among participants in the decisionmaking process rather than a tool for a coherent, long-term development strategy based on community needs. This does occur.

In summary, at the beginning of the chapter we referred to the prospects of local CDBG programs becoming a set of fixed priorities and marginal decisions on annual funding increments. After 6 years relatively stable and politically appealing priorities were established in most communities, but there was sufficient flexibility in the program to permit shifts between and within program categories to meet changing development, fiscal, and political needs.

The stability that appeared to emerge in program choices was paralleled by a similar pattern in the overall distribution of program benefits. After steady growth in the earlier years, the estimated level of benefits to lower income groups leveled off. This appeared to result from the linkage between the kinds of activities funded and the tendency of different types of activities to benefit different income groups. The slight overall decline that occurred in the fifth and sixth years was largely accounted for by the drop of lower income benefits in a small number of better-off satellite cities where significant program changes were made. Those declines may have resulted also from a shifting of HUD's policy emphasis from application to implementation issues of the block grant program, although we are cautious in stating such causal relationships.

But a central point of the analysis of social targeting is that the final outcome in the distribution of benefits is tied in important ways to both the application and implementation processes of the program. Both processes are complex. They are made up of many individual and often small decisions affecting the many activities that make up a local CDBG program. The focal point of these decisions is at the local level and in this regard meets the intentions of those seeking to give maximum scope to local discretion. But there is a dilemma: How to balance the pursuit of national goals specified in the legislation with local discretion. Because achievement of more social targeting and other national goals is dependent upon the cumulative effect of many large and small decisions made throughout the process from application through implementation, active Federal pursuit of this goal may bring more Federal scrutiny into all stages of the program. How one views this depends upon one's policy preferences.

Footnotes

1. For an analysis of the relationship between programs and benefits, see: Paul R. Dommel and others, Targeting Community Development, U.S. Department of Housing and Urban Development (Washington, D.C.: U.S. Government Printing Office, January 1980), pp. 167-73.

2. Ibid., pp. 125-26.

3. Ibid., pp. 132-36.

4. Ibid., p. 152.

5. Lansing and East Lansing, Mich., were not included in this analysis.

6. Federal Register, vol. 43, no. 41 (March 1, 1978), sec. 570.301.

7. For the legislative and regulatory background of the social targeting issue, see: Targeting Community Development, pp. 11-21.

8. Ibid., p. 156.

9. Ibid., p. 167.

10. Ibid., p. 179.

11. One major problem was that most of these data had been assembled by communities for HUD's grantee performance report (GPR) which, until the fifth program year, required the data on a basis that it cut across program years; that is, the 12-month period of the GPR usually combined the last 6 months of one program year with the first 6 months of the next year. Thus there was no way of matching allocations for individual activities in the application with final allocations for those activities for the program year. Some communities established their own fiscal information systems which did provide both allocation and expenditure data to match the program year. But in many cases, regardless of whether the data were provided in GPR's or locally established management information systems, there were often numerous inconsistencies in the data; for example, the total amount finally allocated after the changes was very different from the total amount in the community's application. The problem of local management information systems is discussed further in the next chapter.

12. Federal Register, vol 43, no. 41 (March 1, 1978), sec. 570.312.

Table Appendix. CDBG Program Allocations (in Percentages), Years 1 through 6

			Program uses										
Jurisdiction	Year	Total CDBG funds ($000's)	Housing	Neighborhood conservation	General development	Public services and facilities	Urban renewal continuation	Social services	Social service facilities	Economic development	Planning and administration	Multi-category	Non-allocable
Central cities:													
Atlanta, Ga.	1	18170	15	22	5	0	2	4	3	27	5	0	15
	2	17578	13	17	28	0	13	5	11	1	8	0	4
	3	16377	21	20	6	0	0	5	0	3	9	32	4
	4	13927	19	37	1	0	6	4	5	11	10	4	3
	5	14016	18	7	5	0	41	4	0	9	11	0	5
	6	15075	47	13	8	0	0	4	2	11	12	1	3
Auburn, Maine	1	701	0	0	0	0	92	0	0	0	8	0	0
	2	701	0	0	10	0	86	0	0	0	4	0	0
	3	701	29	52	0	0	0	0	0	0	11	0	8
	4	777	0	40	0	0	0	0	0	0	17	36	7
	5	760	4	0	0	0	0	0	0	34	14	41	8
	6	802	2	6	0	0	0	0	0	13	24	49	6
Boston, Mass.	1	32108	31	16	2	3	19	4	3	6	2	0	14
	2	30940	35	22	0	2	20	4	2	7	4	0	5
	3	28993	31	12	0	2	20	6	0	4	25	0	0
	4	24344	41	2	0	0	19	11	1	6	9	0	11
	5	24987	45	2	4	0	0	13	3	3	18	6	5
	6	26182	35	11	3	2	0	7	0	12	13	11	5
Chicago, Ill.	1	43201	20	12	0	0	0	10	24	7	12	6	10
	2	47701	17	14	0	0	11	13	13	11	9	7	7
	3	61441	16	9	1	0	0	23	3	17	8	18	4
	4	117804	28	10	3	7	0	14	10	10	7	8	3
	5	126038	39	11	2	10	0	14	5	17	0	0	4
	6	130786	32	7	2	5	0	18	7	22	6	0	1

Appendix continued

Jurisdiction	Year	Total CDBG funds ($000's)	Program Uses										
			Housing	Neighborhood conservation	General development	Public services and facilities	Urban renewal continuation	Social services	Social service facilities	Economic development	Planning and administration	Multi-category	Non-allocable
Cleveland, Ohio	1	14502	14	7	20	7	0	24	0	3	21	0	4
	2	16092	19	0	32	8	0	13	0	0	21	0	7
	3	16092	30	0	8	7	0	18	0	0	18	13	6
	4	34660	22	41	6	6	0	8	1	1	15	0	0
	5	37227	29	27	13	13	0	7	2	0	1	0	8
	6	43126	24	17	26	12	0	6	3	1	1	0	9
Columbia, S.C.	1	1936	39	15	0	33	0	2	0	0	10	0	1
	2	1936	7	36	0	41	0	4	0	3	9	0	1
	3	2118	19	49	2	5	0	2	0	11	9	0	4
	4	2214	28	44	0	4	0	2	0	5	11	0	7
	5	2355	44	39	0	0	0	3	0	0	13	0	1
	6	2494	42	30	0	0	0	5	0	0	17	0	6
Denver, Col.	1	15805	37	42	0	0	0	0	3	0	5	4	9
	2	14924	43	24	4	0	0	0	1	0	5	23	0
	3	14080	20	74	1	0	0	0	0	0	5	0	0
	4	11946	85	0	0	0	0	0	0	0	6	0	9
	5	12310	46	24	0	0	0	0	0	10	10	0	10
	6	13112	35	30	0	0	0	6	0	9	10	0	10
Durham, N.C.	1	2324	46	0	32	4	12	2	0	0	5	0	0
	2	2384	28	0	45	0	11	4	0	0	4	0	8
	3	3649	22	10	14	0	28	6	0	0	19	0	1
	4	2302	48	15	13	0	0	12	0	0	6	0	6
	5	2779	63	11	0	0	0	12	0	0	12	0	1
	6	2378	72	0	0	0	0	0	0	0	17	0	10
East Lansing, Mich.	1	164	11	59	0	0	0	9	0	0	12	3	5
	2	364	22	48	0	0	0	0	0	7	12	5	5
	3	602	29	33	0	0	0	0	0	7	22	0	9
	4	651	40	20	0	0	0	0	2	0	34	0	3
	5	666	39	6	0	0	0	2	25	5	24	0	0
	6	1093	19	8	0	0	0	0	15	45	10	0	3

			Program Uses									
Jurisdiction	Year	Total CDBG funds ($000's)	Housing	Neighborhood conservation	General development	Public services and facilities	Urban renewal continuation	Social services	Social service facilities	Economic development	Planning and administration	Multi-category	Non-allocable
Houston, Tex.	1	13124	48	2	5	6	0	12	4	2	21	0	0
	2	13528	2	0	53	7	0	17	1	2	17	0	1
	3	22644	10	0	61	10	0	8	1	0	10	0	0
	4	24211	17	32	3	6	0	8	15	0	11	4	3
	5	26362	14	43	0	15	0	14	0	0	12	0	2
	6	28290	16	23	0	10	0	14	18	0	8	0	10
Jacksonville, Fla.	1	5194	10	24	3	0	58	2	3	0	0	0	0
	2	6042	7	27	5	0	51	2	0	0	7	0	0
	3	10018	3	35	5	0	35	3	5	0	11	0	3
	4	10419	14	42	12	0	10	4	0	0	14	0	4
	5	10590	28	39	0	6	0	13	0	0	14	0	0
	6	11045	21	38	0	0	0	7	0	13	16	0	3
Lansing, Mich.	1	6189	28	18	0	0	0	15	2	3	9	17	8
	2	7211	26	18	0	1	0	15	6	2	17	12	3
	3	6196	21	20	2	0	0	18	0	5	31	0	5
	4	4409	34	3	0	0	0	8	0	3	47	0	5
	5	2985	44	7	0	0	16	0	0	4	28	0	1
	6	2494	49	19	0	0	0	0	0	6	19	0	7
Los Angeles, Calif.	1	38595	27	1	5	0	30	16	2	3	11	0	5
	2	38595	24	7	5	0	27	17	5	3	14	0	0
	3	49465	22	14	3	11	3	16	7	13	10	0	1
	4	51090	30	10	0	1	8	18	11	13	10	0	0
	5	53599	40	7	1	7	0	16	9	6	16	0	0
	6	56853	38	9	4	3	0	15	7	4	18	0	0
Lubbock, Tex.	1	5328	53	17	23	0	0	0	4	0	1	1	0
	2	4771	54	12	14	2	7	0	4	0	1	2	6
	3	5328	50	18	18	8	0	0	0	0	1	0	5
	4	4257	36	26	4	1	0	9	12	0	1	0	11
	5	3931	34	13	10	3	0	0	1	0	32	0	6
	6	3506	33	14	7	4	0	0	9	0	27	0	6

Appendix continued

			Program Uses									
Jurisdiction	Year	Total CDBG funds ($000's)	Housing	Neighborhood conservation	General development	Public services and facilities	Urban renewal continuation	Social services	Social service facilities	Economic development	Planning and administration	Multi-category	Non-allocable
Miami, Fla.	1	3165	0	32	12	0	6	9	28	1	9	0	2
	2	5820	10	40	10	0	6	5	7	1	10	9	2
	3	9696	31	33	10	0	3	4	5	3	6	0	5
	4	10187	31	23	9	0	1	3	1	19	6	1	5
	5	10806	27	10	11	7	0	6	0	16	13	3	9
	6	11386	27	17	3	0	0	7	0	20	17	0	9
Minneapolis, Minn.	1	16709	66	0	2	0	2	15	4	0	3	3	6
	2	15933	56	1	0	0	0	15	2	0	5	17	4
	3	15010	55	12	0	0	0	16	4	9	4	1	0
	4	17365	55	18	0	0	1	13	0	2	6	0	3
	5	17693	47	4	4	0	8	10	0	6	21	0	0
	6	19938	46	1	2	1	0	9	0	2	24	8	6
New York, N.Y.	1	89386	13	0	0	15	1	10	0	0	20	40	0
	2	113936	24	0	0	25	11	9	0	5	16	10	0
	3	151388	35	2	6	15	1	6	0	3	15	15	1
	4	223643	47	2	7	5	1	1	1	5	10	22	1
	5	262153	60	15	0	15	0	2	15	5	3	0	0
	6	271889	53	22	0	9	4	3	0	5	3	0	0
Newark, N.J.	1	20513	4	12	6	0	15	17	2	1	20	24	0
	2	20613	4	15	11	0	15	23	2	2	20	7	0
	3	19508	23	2	1	3	25	24	0	3	20	0	0
	4	17878	27	6	1	3	25	15	0	2	20	0	0
	5	16969	34	0	0	3	21	17	0	2	18	0	5
	6	17190	29	0	0	0	35	10	0	2	16	0	6
Philadelphia, Pa.	1	60829	15	7	17	7	4	20	7	4	9	0	10
	2	60829	14	1	9	13	19	15	6	4	13	0	7
	3	57163	11	12	0	0	36	1	0	10	24	6	0
	4	64952	26	6	0	10	15	7	0	12	14	9	0
	5	68212	38	6	0	7	11	5	0	11	22	0	0
	6	84672	35	5	0	0	4	4	2	21	22	0	8

			Program Uses										
Jurisdiction	Year	Total CDBG funds ($000's)	Housing	Neighborhood conservation	General development	Public services and facilities	Urban renewal continuation	Social services	Social service facilities	Economic development	Planning and administration	Multi-category	Non-allocable
Phoenix, Ariz.	1	2570	34	5	0	0	61	0	0	0	0	0	0
	2	5773	15	2	10	0	69	0	2	0	0	0	2
	3	9674	14	14	5	0	59	0	1	0	0	0	8
	4	9931	27	14	0	0	12	0	2	21	11	2	1
	5	12341	28	29	0	0	0	1	1	15	10	9	8
	6	12653	33	22	2	0	0	0	1	14	18	4	7
Pittsburgh, Pa.	1	16429	31	18	1	4	7	0	4	11	3	0	21
	2	17112	42	19	3	5	12	8	2	1	3	0	6
	3	15541	51	21	2	4	11	1	0	0	1	0	9
	4	23075	38	25	5	4	3	1	1	3	9	0	11
	5	24627	44	14	3	1	2	0	2	14	14	0	8
	6	25660	65	9	2	1	1	0	0	7	6	0	7
Portland, Maine	1	5272	9	27	38	4	0	13	6	0	3	0	1
	2	4964	8	21	28	13	0	17	0	8	2	0	1
	3	4542	6	10	25	5	0	22	7	12	4	6	3
	4	3613	17	26	15	6	0	24	0	0	11	0	2
	5	3105	13	27	0	7	0	29	1	3	15	0	4
	6	2951	20	22	0	9	0	30	0	0	18	0	1
Raleigh, N.C.	1	1555	59	26	0	0	0	4	0	0	7	0	5
	2	1982	69	9	0	0	0	4	0	0	13	0	5
	3	2247	45	31	0	0	0	4	0	0	15	0	5
	4	2205	48	22	0	0	0	4	0	0	21	0	5
	5	2191	49	24	0	0	0	4	5	0	13	0	5
	6	2178	43	25	0	0	9	1	0	0	17	0	5
Rochester, N.Y.	1	10887	16	0	10	0	33	5	0	8	14	14	1
	2	14437	8	9	8	0	42	1	4	10	11	3	4
	3	13940	14	16	8	0	19	4	2	19	16	0	2
	4	12493	20	15	9	0	14	4	0	19	17	0	2
	5	12193	21	19	0	1	7	3	0	26	20	0	3
	6	12972	34	23	0	1	0	5	0	26	10	0	2

Appendix continued

Jurisdiction	Year	Total CDBG funds ($000's)	Program Uses										
			Housing	Neighborhood conservation	General development	Public services and facilities	Urban renewal continuation	Social services	Social service facilities	Economic development	Planning and administration	Multi-category	Non-allocable
St. Louis, Mo.	1	15538	18	12	3	3	36	7	13	3	4	2	0
	2	16109	23	8	0	26	24	8	4	3	4	0	1
	3	16496	18	15	0	24	19	9	0	3	10	0	1
	4	34353	32	14	1	18	6	7	1	10	10	0	0
	5	37116	31	22	10	4	1	9	1	11	8	0	4
	6	42807	28	13	10	3	5	9	2	11	15	0	5
San Jose, Calif.	1	6270	18	22	2	0	40	7	6	0	5	0	0
	2	6245	19	16	1	0	50	1	3	0	10	0	0
	3	6429	24	13	1	0	49	2	0	0	12	0	0
	4	6394	17	16	2	0	42	4	8	0	12	0	0
	5	8932	22	27	1	0	33	1	2	2	11	0	0
	6	7474	37	10	1	0	23	2	3	1	16	0	6
Seattle, Wash.	1	11141	8	11	22	1	16	17	6	0	1	15	2
	2	10906	6	20	13	4	21	22	4	0	8	1	0
	3	9587	12	29	0	1	21	19	1	0	8	0	9
	4	16241	13	25	14	3	0	20	9	3	10	0	2
	5	17065	20	17	8	0	4	26	3	1	18	0	2
	6	17893	33	12	2	0	5	24	3	2	12	0	5
Sioux City, Iowa	1	3411	23	28	17	0	17	0	0	0	1	0	13
	2	3628	32	28	20	0	14	0	0	4	2	0	0
	3	3930	17	29	0	0	39	0	0	0	15	0	0
	4	3937	22	23	0	2	32	0	3	0	18	0	1
	5	2936	77	0	12	0	0	0	0	0	10	0	0
	6	2630	36	36	14	0	0	0	0	0	11	0	4
Sioux Falls, S.D.	1	3248	6	4	27	0	34	0	0	0	10	0	19
	2	3282	5	20	24	0	22	0	0	16	13	0	0
	3	3437	12	12	4	0	54	0	0	0	18	0	0
	4	2318	61	0	0	17	0	9	0	0	12	0	0
	5	1690	24	53	0	0	6	0	2	0	14	0	3
	6	1212	28	35	0	0	7	0	2	0	20	0	9

Appendix continued

			Program Uses									
Jurisdiction	Year	Total CDBG funds ($000's)	Housing	Neighborhood conservation	General development	Public services and facilities	Urban renewal continuation	Social services	Social service facilities	Economic development	Planning and administration	Multi-category	Non-allocable
Worcester, Mass.	1	6043	5	0	33	0	25	15	3	3	11	1	4
	2	5757	11	0	11	9	17	16	1	18	8	6	2
	3	5374	10	8	5	4	19	15	1	24	12	2	1
	4	5340	24	7	7	3	19	15	6	3	11	7	0
	5	5820	21	11	15	0	25	9	2	4	12	0	1
	6	6264	15	24	14	11	5	10	4	4	13	0	0
Satellite cities													
Cambridge, Mass.	1	3708	20	26	0	12	17	2	1	1	7	0	14
	2	3746	35	6	14	0	15	7	2	0	11	0	8
	3	3458	32	23	0	0	13	6	1	0	16	0	9
	4	3331	37	23	0	0	9	19	2	0	9	0	0
	5	3616	42	27	0	0	4	1	1	0	17	0	7
	6	4172	34	27	0	0	10	2	0	0	18	0	10
Cleveland Heights, Ohio	1	141	39	35	10	0	0	0	0	0	9	0	7
	2	340	18	37	16	0	0	0	0	0	21	0	9
	3	497	20	0	4	0	0	0	0	59	14	0	3
	4	1994	21	3	1	13	0	0	0	36	20	0	6
	5	1825	9	21	0	42	0	0	0	9	19	0	0
	6	1990	20	20	0	29	0	1	0	6	20	0	5
East Orange, N.J.	1	2519	23	10	1	0	0	23	0	14	12	8	9
	2	2519	15	9	8	0	0	25	0	15	13	5	9
	3	2413	7	9	6	14	0	43	0	3	16	0	2
	4	2258	9	14	4	10	0	39	0	3	19	0	0
	5	2444	11	6	0	1	20	33	0	7	14	4	5
	6	3467	30	11	0	2	13	14	0	9	0	5	15

Appendix continued

			Program Uses									
Jurisdiction	Year	Total CDBG funds ($000's)	Housing	Neighborhood conservation	General development	Public services and facilities	Urban renewal continuation	Social services	Social service facilities	Economic development	Planning and administration	Multi-category	Non-allocable
El Monte, Calif.	1	367	0	0	26	16	0	10	3	0	35	0	9
	2	852	36	18	29	0	0	0	0	0	8	0	9
	3	1324	26	29	0	0	0	0	30	0	5	0	10
	4	1367	8	65	4	0	0	0	9	0	6	0	8
	5	1482	17	61	0	0	0	0	0	3	12	0	8
	6	2109	14	16	0	0	0	0	26	0	9	0	34
Evanston, Ill.	1	222	47	22	0	0	0	0	14	0	16	0	2
	2	527	41	29	0	0	0	0	7	0	15	0	8
	3	797	43	20	0	0	0	0	0	0	9	25	4
	4	1871	48	20	0	0	0	7	3	0	7	8	7
	5	2161	40	18	0	0	0	5	3	11	16	0	8
	6	2349	46	15	0	2	0	5	6	16	6	0	5
Greece, N.Y.	1	300	0	0	73	0	0	0	0	0	27	0	0
	2	348	22	41	0	3	0	0	0	0	35	0	0
	3	577	13	69	0	1	0	0	0	0	17	0	0
	4	556	18	48	0	0	0	0	0	0	34	0	0
	5	618	23	27	2	0	0	4	8	16	20	0	0
	6	654	19	37	0	0	0	9	0	23	12	0	0
Huntington Beach, Calif.	1	460	24	33	0	0	0	3	11	0	7	23	0
	2	690	1	54	0	0	0	6	39	0	0	0	0
	3	1538	23	33	0	0	0	13	21	3	2	0	6
	4	1259	22	61	0	0	0	0	6	0	7	0	3
	5	1374	15	9	0	50	0	0	11	0	10	0	6
	6	1467	58	19	0	0	0	0	8	0	15	0	0
Lakewood, Colo.	1	226	22	0	57	0	0	0	0	0	21	0	0
	2	502	29	71	0	0	0	0	0	0	0	0	0
	3	885	16	66	0	0	0	0	0	0	18	0	0
	4	885	39	36	15	0	0	0	0	0	10	0	0
	5	949	53	46	0	0	0	0	0	0	0	0	2
	6	1181	40	50	0	0	0	0	0	0	4	0	6

Appendix continued

			Program Uses									
Jurisdiction	Year	Total CDBG funds ($000's)	Housing	Neighborhood conservation	General development	Public services and facilities	Urban renewal continuation	Social services	Social service facilities	Economic development	Planning and administration	Multi-category	Non-allocable
Miami Beach, Fla.	1	564	82	0	0	0	0	0	0	0	9	9	0
	2	1251	16	0	0	0	0	0	45	0	20	19	0
	3	2099	5	9	46	0	0	10	2	2	25	0	0
	4	2165	14	19	11	10	0	2	13	1	27	3	0
	5	2303	10	51	3	1	0	7	9	0	18	0	0
	6	2433	12	39	3	7	0	6	5	4	21	0	3
Mount Vernon, N.Y.	1	2590	19	0	0	13	14	0	0	0	8	46	0
	2	2590	0	6	0	28	1	1	0	19	9	35	1
	3	2909	0	17	0	6	0	7	0	6	8	54	3
	4	2294	9	16	0	1	0	19	8	1	10	33	3
	5	2241	8	25	0	1	0	19	23	1	13	5	6
	6	2382	11	12	0	0	4	19	3	0	13	29	8
Santa Clara, Calif.	1	357	17	21	45	0	0	0	3	0	9	0	5
	2	598	22	23	33	0	0	0	10	0	5	0	7
	3	996	25	25	0	0	0	0	4	35	6	0	5
	4	969	22	39	5	0	0	0	13	15	6	0	0
	5	969	48	27	0	0	0	0	0	18	7	0	0
	6	1105	11	73	3	0	0	0	0	0	13	0	0
Scottsdale, Ariz.	1	1832	4	28	15	0	5	1	17	0	13	9	8
	2	1832	4	21	40	2	1	0	14	2	14	0	3
	3	1854	17	34	8	0	12	0	16	2	7	0	4
	4	1855	13	25	0	0	0	0	22	0	13	27	0
	5	1758	23	54	0	0	0	0	0	0	9	9	5
	6	1223	7	76	0	0	0	0	0	0	11	0	6

Appendix continued

Jurisdiction	Year	Total CDBG funds ($000's)	Program Uses: Housing	Neighborhood conservation	General development	Public services and facilities	Urban renewal continuation	Social services	Social service facilities	Economic development	Planning and administration	Multi-category	Non-allocable
Urban counties:													
Allegheny, Pa.	1	6456	39	4	5	0	0	8	4	2	30	0	7
	2	7791	22	10	49	0	0	3	0	0	7	0	9
	3	8449	24	0	52	0	0	0	0	8	9	0	8
	4	13183	34	3	12	0	0	2	0	27	12	0	11
	5	17841	28	18	13	0	1	1	0	7	12	0	20
	6	18964	28	9	10	0	0	3	1	20	17	0	13
Cook, Ill.	1	3246	16	15	2	0	0	0	54	0	11	0	2
	2	8263	19	44	4	0	0	1	10	8	13	2	0
	3	14060	16	33	10	1	0	1	3	4	15	5	11
	4	15166	12	46	1	15	0	1	10	6	8	0	0
	5	16082	31	27	7	4	0	0	4	7	13	0	6
	6	16628	41	23	2	0	0	0	10	16	8	0	0
Dade, Fla.	1	18051	0	4	7	0	27	0	12	3	12	31	4
	2	21358	17	12	3	0	23	7	14	2	5	9	8
	3	21103	29	20	5	0	0	7	17	3	12	2	6
	4	16330	23	18	5	1	0	10	9	10	14	4	6
	5	18583	14	28	0	0	0	12	1	5	26	4	10
	6	15051	18	28	0	0	0	18	0	6	18	11	0
DeKalb, Ga.	1	825	3	54	0	0	0	0	34	0	6	0	3
	2	1855	7	66	0	0	0	0	19	0	5	0	3
	3	3232	4	92	0	0	0	0	0	0	3	0	0
	4	3274	31	35	0	0	0	0	9	5	11	0	10
	5	3524	24	37	0	0	0	1	11	11	9	0	6
	6	3747	28	36	0	0	0	0	13	7	12		3

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			Program Uses										
Jurisdiction	Year	Total CDBG funds ($000's)	Housing	Neighborhood conservation	General development	Public services and facilities	Urban renewal continuation	Social services	Social service facilities	Economic development	Planning and administration	Multi-category	Non-allocable
Harris, Tex.	1	961	0	0	25	60	0	0	0	0	6	0	9
	2	3006	0	0	55	31	0	0	2	0	5	0	7
	3	5032	0	0	76	12	0	0	0	0	10	0	2
	4	4676	7	0	55	20	0	0	0	0	13	0	5
	5	3898	5	57	0	13	0	10	0	0	12	0	4
	6	3946	11	51	3	11	0	0	0	0	19	0	5
Hennepin, Minn.	1	737	14	15	20	0	0	0	8	4	39	0	0
	2	1754	15	26	22	3	0	0	1	8	21	0	4
	3	3064	16	33	32	3	0	0	3	4	6	0	4
	4	3084	46	0	30	0	0	0	7	0	6	0	11
	5	4162	33	15	32	1	0	0	8	0	10	0	2
	6	4379	54	7	21	1	0	0	3	2	9	2	2
King, Wash.	1	1499	24	0	41	0	0	9	2	0	18	2	5
	2	3605	16	1	43	0	0	7	9	0	15	9	0
	3	5538	19	16	24	0	0	6	12	1	16	2	4
	4	5706	22	1	38	1	0	9	8	0	19	0	2
	5	6385	25	12	22	2	0	9	6	1	17	1	6
	6	6609	37	10	20	1	0	9	3	2	12	0	5
Los Angeles, Calif.	1	10099	3	32	2	0	6	17	3	0	28	0	9
	2	17533	17	26	17	0	7	5	10	1	10	0	8
	3	29407	33	15	11	1	2	3	9	1	15	0	11
	4	29645	36	20	11	2	2	2	6	1	15	0	6
	5	32620	31	18	17	0	1	0	3	3	21	0	5
	6	35116	44	19	14	1	2	0	2	5	22	0	1
Orange, Calif.	1	1350	20	40	0	0	0	1	3	0	22	6	9
	2	3008	22	14	4	0	0	1	2	0	4	0	54
	3	4837	40	21	0	0	0	1	13	3	5	3	14
	4	4538	52	26	0	0	0	2	5	3	10	0	3
	5	4978	37	27	0	0	0	2	4	1	27	0	3
	6	5568	39	27	1	0	0	0	4	1	28	0	1

Appendix continued

			Program Uses									
Jurisdiction	Year	Total CDBG funds ($000's)	Housing	Neigh-borhood conser-vation	General develop-ment	Public services and facil-ities	Urban renewal contin-uation	Social services	Social service facil-ities	Economic develop-ment	Planning and admin-istration	Multi-category	Non-allocable
St. Louis, Mo.	1	2034	11	0	66	2	0	2	0	5	8	0	6
	2	4618	27	0	42	2	0	0	4	9	6	0	9
	3	7690	24	6	44	0	0	1	2	7	6	0	9
	4	8338	25	8	48	0	0	1	1	2	9	0	7
	5	8992	33	3	35	1	0	1	0	4	13	0	9
	6	9605	38	2	31	2	0	0	0	1	16	0	9

CHAPTER 5

PROGRAM EXECUTION

In this chapter we examine local execution of the CDBG program--how communities progressed in carrying out their plans. As stated at the beginning of this report, we chose to focus on implementation, or program progress, because it extended our 6 years of research throughout all program stages and because this appeared to be the policy emphasis of HUD during the final round of field research.

HUD's emphasis on program progress, which culminated in the "use or lose" policy discussed in chapter 2, resulted from several factors:

1. A natural outgrowth of the aging of the program itself. As CDBG evolved from the startup stage to a mature program, Federal program administrators were likely to shift their attention from local plans to the execution of those plans. We noted in chapter 2 that as early as the second program year some HUD area offices were beginning to be concerned about a lack of spending in some communities.

2. The shift in the third year from a "hands-off" policy emphasizing decentralization to a "hands-on" policy giving priority to achievement of the substantive national objectives of the CDBG law. This shift in policy preferences brought greater HUD oversight into all stages of local programs.

3. The various compliance provisions of the CDBG law--such as equal opportunity and affirmative action, Davis-Bacon wage rates, and environmental review. These requirements brought HUD progressively into all stages of the local program as activities moved from the planning to the contracting to the execution stages.

4. The law required HUD to monitor local capacity to carry out its program. Section 104 provided that HUD determine whether a jurisdiction has a ". . . continuing capacity to carry out [its program] in a timely manner" before grant funds are approved. Further, section 113 of the CDBG law required HUD to provide information to Congress annually on the progress toward achievement of the national objectives.

5. HUD was pressed by the General Accounting Office, an agency of Congress, to push communities for more rapid implementation of their plans.

While the combination of these factors provided a basis for HUD's focus on the progress of local programs, the degree of emphasis appeared to be a matter of policy preference. In our previous report, we concluded that the emphasis on social targeting was a HUD policy preference since that particular policy objective was legislatively coequal with several other substantive objectives of the law. It was also a matter of policy preference how Federal administrators chose to balance the substantive national objectives with the procedural objective of CDBG to give greater local discretion over the operation of the block grant. We draw the same general conclusion with regard to HUD's role in overseeing local program progress. How aggressively one chooses to pursue the various legislative bases for overseeing program progress is a matter of policy preference.

As in the case of HUD's targeting policies, HUD policy on overseeing program implementation poses the central dilemma of the block grant law. What the law did not state, could not state, and probably left deliberately ambiguous was how to balance the goals of decentralization and achievement of the national objectives.

Analyzing Local Implementation

Researchers at Brookings first became involved in analyzing local execution or implementation of the CDBG program in 1978 when asked by HUD to supplement the agency's own research on the issue. In an exploratory report we discussed the major types of implementation problems which occurred and the range of possible indicators of program progress, including the rate of expenditure of CDBG funds by the recipient communities.[1] We found that most problems of implementation concerned local administrative procedures, followed by intergovernmental and cost problems. Those findings were based on a sample of 24 jurisdictions and covered 3 program years. In this chapter we build upon that exploratory report, although some modifications were made in the analytical framework. Our analysis in this report is based on a sample of 50 jurisdictions, although a smaller subsample is used in parts of the expenditure analysis. We examine three aspects of program implementation: (1) the types of implementation problems experienced by communities over the first 5 years of the program and the kinds of CDBG-funded activities that tended to be most affected by those problems; (2) the use of expenditure rates as a measure of program progress and the rate of spending of CDBG funds for the first 4 years; and (3) the development of local administrative capacity to plan, execute, and manage the CDBG program.

Implementation Problems and Progress

Analysis of implementation is complex because of the flexibility of the CDBG program and the important differences that influence program execution among the participating jurisdictions. Because there is no simple cause and effect relationship which leads to success or failure in implementing programs, our analysis focuses on how, not how much, the multiple factors influence the outcome. It is also necessary to keep in mind that success among jurisdictions in implementing their programs is seldom, if ever, related to their dedication to doing so. Further, it is important to make a distinction between successful implementation and a successful program; the two are not the same. Our discussion addresses the problems and relative success in implementing the local program in a timely manner, not whether a community's program produces quality outputs or is appropriate to the jurisdiction's needs. Put another way, we do not assess the quality of sidewalk construction or whether it was needed; we ask only whether there were any problems in getting it done in a timely manner.

There are various ways to define implementation problems, depending upon the purpose and the perspective. HUD may see a problem because the money is not being spent fast enough. A local CDBG administrator may argue that a delay in getting a particular project underway is routine for that kind of activity. An official in the local public works department may argue with the community's CDBG director that the delay is caused because another city department is slow in clearing the paperwork.

In our examination of implementation problems we do not sort out the different perspectives; we look at the range of factors which comes into play in getting local CDBG programs underway. These include local procedures, the kinds of activities being executed, local capacity, and intergovernmental relations.

In our analysis we try to take into account that there are a series of routine procedures that any project must go through, whether a major capital project or a social service. A problem occurred where even the routine procedures appeared particularly cumbersome to the associate or where something unexpected occurred at a stage of implementation that delayed further progress of the activity. Within this framework, some of the problems reported by associates may not necessarily be perceived as problems by those responsible for executing the project. Also, to some participants, the existence of a problem, however defined, carries an underlying implication of culpability or blame. Because of the diversity of perspectives and the many program and procedural variations among the sample communities, it is unlikely that this framework fits neatly across all jurisdictions in our sample or would satisfy all actors with a stake in implementing the program or measuring program progress. However, our purpose is not to entrap all aspects and variations of CDBG implementation or to finger culprits--individuals or communities. Rather, we seek to capture and convey the major factors that affected implementation in our sample and to highlight the complexities of analyzing a program which is so significantly influenced by so much local flexibility and procedural diversity.

In order to operationalize the definition of implementation problem, it is necessary to address the question of where the implementation stage begins. To us it begins at the start of the jurisdiction's program year, which is usually soon after HUD has given final approval to the local application and the community's proposed activities. But very often the CDBG application is only a statement of general intentions and, for some activities, most or all of the steps to begin actual execution remain to be done. For example, in some capital projects this may mean site selection, land acquisition, engineering design, bidding and contracting, and turning the first shovel of dirt. Even in the more simple case of street construction, there usually remain the engineering work, coordination with utility companies about their underground facilities, bidding and contracting, and sometimes the extra complication of seasonal weather factors. Getting through these various steps may require some sensitive political decisions, as well as technical ones.

Definition of Implementation Problems

By looking at the number of jurisdictions where problems were reported, it is possible to catalog the major sources of problems found in the sample jurisdictions. By longitudinal observation, we examine if the number of jurisdictions having problems declined as the program proceeded. We stress that the data in table 5-1 show the number of jurisdictions where a type of problem occurred; they do not indicate the total number of such problems. Whether a community has 1 or 10 procedural problems, that community is counted only once. Nor do the data indicate the magnitude of the problem, whether it was major or minor; that too is frequently a matter of perception.

For this analysis we looked at problems in three time periods: years 1 and 2, years 3 and 4, and year 5. Year 6 was not included in the analysis because it was only getting underway in most jurisdictions

Table 5-1. Number of Jurisdictions Where Implementation Problems Occurred, by Type of Problem

Type of problem	Years 1-2	Years 3-4	Year 5
Procedural	42	43	39
Operational capacity	26	25	17
Private for-profit organizations	22	28	15
Nonprofit organizations	9	6	2
Citizen involvement	20	14	15
Cost	20	26	20
Other	8	7	7
Total jurisdictions with problems	48	47	46
Total sample[a]	49	49	49

Source: Field research data

[a] Does not include Cleveland, Ohio.

when the field work was carried out. Because of the need to reconstruct events after the fact, we collapsed years 1 and 2, and years 3 and 4, to facilitate data collection. Because only 1 program year was included in the third period, the frequency of occurrence cannot be directly compared with the two earlier periods, but it is possible to compare the relative importance (rank) of problems. In addition to these data, we report associates' judgments on progress within jurisdictions in reducing the number and severity of different kinds of problems.

Seven categories of implementation problems were found:

1. Procedural. Problems that occurred within and between governments. These included problems involving HUD and other Federal agencies, State agencies, and local agencies whether autonomous or part of the general local government. For example, a jurisdiction that has the ability to construct sidewalks with local money following local procedures, but is delayed in constructing sidewalks with CDBG funds because of problems with HUD related to Davis-Bacon wage provisions, has a procedural problem.

2. Operational capacity. Problems that result from a jurisdiction's lack of personnel or experience to carry out activities, such as street and sidewalk construction or housing rehabilitation. For example, a jurisdiction that has never engaged in housing programs until CDBG has no personnel who know how to administer such programs. Or a jurisdiction expands an existing program so quickly that there are not enough experienced personnel to prevent creation of a backlog.

3. Private for-profit organizations. Problems associated with the reliance on or incorporation of private for-profit actors into some phase of program execution. For example, the reluctance of a bank to participate in a housing rehabilitation loan program, or a decision by a general contractor not to bid on a CDBG-funded project because of the additional Federal paperwork required.

4. Nonprofit organizations. Problems associated with the reliance on or incorporation of nonprofit actors

into some phase of program execution. For example, inadequate management capacity to oversee a social service project.

5. Citizen involvement. Citizen objections to activities or suggestions for changing them, or their unwillingness to participate in programs like housing rehabilitation.

6. Cost. Cost as the primary factor that delayed or prevented implementation. Cost problems included overbidding, design work that underestimated costs, and soaring costs of land.

7. Other. Bad weather, changes in elected officials, and miscellaneous items.

Overall Findings

No jurisdiction in the sample went through the first 5 years of the program without experiencing some implementation problem (table 5-1). This was no surprise because all organizations implementing complex programs face problems. Procedural difficulties were clearly the most prevalent problems throughout the 5 years; at least 80 percent of the sample had such problems in each period. Problems of operational capacity, private for-profit organizations, cost, and citizen involvement also occurred in a large number of jurisdictions. Communities having problems with nonprofit organizations and miscellaneous factors were the least frequent. The lower number of jurisdictions having problems with nonprofit organizations most likely resulted because in some communities they were not participants in the program or played only a minor role.

In comparing the first and second periods, the number of communities having implementation problems either remained relatively constant or increased. But, as we noted earlier, an individual community may reduce the number of its implementation problems as the program proceeds, but the community would continue to be counted as having implementation problems. Also, there may be some change in the specific communities having the problems in each period. The absence of any evident improvement in the number of jurisdictions having problems over the first 4 years may also be linked to the changing composition of local programs from year to year. That is, within the overall program stability reported in the previous chapter, there were changes in specific activities between years. Therefore, a local CDBG program did not continue in a straight line down the same implementation path year after year. As different activities were brought into the program, or a larger share of funds went to the same activities, new or additional factors affecting implementation were encountered which could result in unexpected delays. For example, in the first period an associate might report implementation difficulties with street resurfacing because of coordination problems between the CDBG office and the public works department; by the second time period that problem might be solved but now housing rehabilitation has been added into the local program and there is a procedural problem with the city department handling code enforcement.

Procedural problems. Procedural problems occurred in 80 percent or more of the sample jurisdictions during each time period. This was not surprising given the complexity of relationships which existed among agencies of the local government and between those agencies and various local semiautonomous authorities and State and Federal organizations. These problems ran the gamut of intra- and intergovernmental relations, from standard operating procedures and charter restrictions to problems related to differences in fiscal years and state and Federal certification requirements.

St. Louis, Mo., experienced delays in carrying out many of its capital projects because its 1914 charter required a lengthy contracting procedure consisting of several review and approval stages. The process was made deliberately cumbersome to prevent corruption and collusion between contractors and politicians. To expedite major capital projects under CDBG, the city allocated the funds to the agency responsible for urban renewal which operated under State statutes on contracting procedures. In Harris County, Tex., the county attorney had to assess the legality of the county's leasing of land and involvement in water and sewer activities before they could be implemented. In Dade County, Fla., implementation was delayed because line agencies, following their own procedures, put CDBG activities in a queue with all the rest of their projects to be implemented. In Atlanta, the Department of Community and Human Development was generally unable to get the CDBG program moving, so responsibility was shifted to the Department of Budgeting and Planning, which was thought to have more management and technical assistance capacity. As described in chapter 3, Houston had no central authority to coordinate the work of line departments and get them to give priority to CDBG activities.

Another major type of procedural problem concerned intergovernmental conflicts and coordination. Federal environmental review requirements delayed the implementation of CDBG activities in Phoenix, Ariz., and a number of other jurisdictions, particularly in the early years of the program. Davis-Bacon provisions establishing wage standards on federally funded projects, which officials in Pittsburgh, Pa., originally thought were not applicable to CDBG, forced the redesign of the city's commercial loan program. In Columbia, S.C., the historic preservation agency, established by the State and independent of the city, delayed implementation of a park project to assess the historical significance of the area in question. St. Louis County had problems getting the independent Metropolitan Sewer District to carry out storm and sanitary sewer activities funded from the block grant. Allegheny County, Pa., and several other urban counties had considerable difficulty setting up procedures and drawing contracts with participating municipalities to begin implementation. Coordinating funds from different sources was a problem in jurisdictions like Chicago where funds from the school board were late because of different fiscal years. Boston had similar difficulties coordinating CDBG money, loan guarantees from the Federal Housing Administration, and section 312 loan funds from HUD.

The potential number of procedural problems the jurisdictions faced explains their high frequency of occurrence. Every activity goes through some kind of procedural path and every point along that path is a potential pitfall. The path is more tortuous when it involves more than one level of government operating under different sets of rules. Procedural problems may diminish as the procedures themselves are modified or those confronting them gain experience, but they are likely to remain a recurring obstacle; it is an inherent feature of administration.

The associates indicated in their general comments that progress had been made in decreasing the number and severity of procedural problems within jurisdiction, although most jurisdictions continued to have such problems. Because of the diversity of governments and administrative practices involved in carrying out the program, such problems are probably endemic to the block grant. As we discuss later in the chapter, increased management capacity can smooth over a number of procedural problems or minimize their impact, but it is unlikely that management capacity can ever totally eliminate such problems.

Operational capacity. Operational capacity was a problem in about half the jurisdictions. Capacity problems occurred in communities with or without experience in the programs consolidated into CDBG. Before

CDBG, some jurisdictions had been involved only with basic governmental services such as education, police and fire protection, public works, and parks and recreation activities; they were not prepared to move into new kinds of activities, particularly housing rehabilitation. Some jurisdictions which had been heavily engaged in the predecessor programs found themselves with added responsibility for program design and execution under CDBG, but lacked the specialists needed to carry out the new tasks.

Miami Beach had major problems in its housing rehabilitation program because of lack of experience and qualified staff. It was not able to carry out its housing rehabilitation activities until the fifth year. Huntington Beach and Santa Clara, Calif., had similar problems. Phoenix also had difficulties in housing rehabilitation during the early years of the program, but was able to spend funds elsewhere while developing staff capacity. New York City had a housing rehabilitation program before CDBG, but was unprepared for the amount and kind of rehabilitation it undertook under CDBG. The city acquired a great deal of multifamily housing when private owners failed to pay their back taxes. The line agency responsible for maintaining and rehabilitating these structures had no experience with such housing rehabilitation, and was also overwhelmed by the numbers of properties involved. The city eventually shifted from community management contracts to professional private management firms. In Cook County, Ill., municipalities participating in the county program had little functional capacity outside of the traditional services; with time they hired the administrators necessary to execute new activities funded with CDBG money. Harris County, which operated the CDBG program itself rather than through municipalities, had a similar problem. Initial legal problems were cleared up, and additional engineering staff hired, but capacity continued to be a problem.

As shown in table 5-1, the number of jurisdictions with capacity problems remained relatively constant over the first 4 years, but as the program proceeded capacity fell from second to fourth place as the source of implementation problems. It is the type of problem most likely to show improvement over time; once the needed personnel are hired and experience is gained, the capacity to design and execute projects can be expected to improve. The examples above indicated a trend in that direction which the associates noted in their assessment of progress in operational capacity.

Private for-profit organizations. Difficulties involving for-profit organizations caused implementation problems in many of the jurisdictions. This was among the most frequently reported category of problems and, as shown in table 5-1, the number of communities having such problems increased in the second time period. The increase resulted as activities reached the "ready-to-go" stage in the third and fourth years. At this point, for-profit organizations often became crucial actors in carrying out activities. On the basis of data for a single year, there did not appear to be any lessening of such problems in year 5.

The problems usually concerned housing rehabilitation and capital projects. Typical problems included working out the necessary details to get financial institutions involved in making loans for housing rehabilitation and the inability to get contractors to bid on work. Where there was plenty of construction work available, contractors frequently preferred to work under private contract rather than federally funded contracts which meant more paperwork and Federal restrictions. In Chicago, the city had great difficulty in finding qualified private contractors to do housing rehabilitation. Large contractors were not interested in projects of $10,000 to $20,000, and small contractors often underbid or were unable to cope with paperwork and delays. In St. Louis, banks and savings and loan associations withdrew from participation in the home loan program. They feared Federal intervention and saw no immediate benefits in the program. In Los Angeles County, it was difficult to get work done by contractors because there was so much work elsewhere.

Cost. Cost problems occurred in many jurisdictions and appeared to be on the upswing in later years. For example, in St. Louis, contractors overbid some projects because of a lack of real interest in doing them. In Harris County, several projects cost significantly more than the amounts allocated because of poor cost estimates at the planning stage. In Los Angeles, constantly rising land and construction costs outraced administrators' abilities to move from planning and design to construction, or blocked completely their attempts to carry out some kinds of projects.

The relative importance of cost problems increased over the years. In years 1 and 2, cost problems were the fourth greatest cause of implementation problems; they moved into third place in years 3 and 4, and second place in year 5. The increasing importance of the cost problem probably resulted from an increasing number of capital projects reaching the execution stage, thus making the problem more evident in more communities. Three factors contributing to this trend were general inflation, cost overruns because of inadequate initial planning and budgeting procedures, and the increased difficulty in carrying out certain kinds of CDBG activities, particularly in jurisdictions experiencing rapid growth. The inflation rate made it increasingly difficult for jurisdictions to anticipate the ultimate costs of projects at the stages of planning, design, and contracting. Activities such as housing for low- and moderate-income residents became increasingly difficult to undertake because of rapidly escalating costs of land and construction materials, especially in jurisdictions experiencing rapid growth. Efforts by HUD to get jurisdictions to undertake more of such activities were often successful in getting them into the application, but high costs resulted later in either cancelling the projects, reducing the amount of work, or slowing down implementation until more funds could be allocated.

Citizen involvement. Problems with citizen involvement occurred in more than a third of the jurisdictions. In many jurisdictions citizens objected to certain activities or pushed for changes which slowed implementation or blocked projects altogether. In most jurisdictions, these problems were not serious or involved only a few activities.

A problem with greater impact was getting citizens to become involved in programs, especially in housing rehabilitation. Initially, citizens were reluctant to participate because of the paperwork and suspicion of code inspections and "something for nothing" programs. As jurisdictions became more skilled in designing their programs and presenting them to citizens, many of these problems were alleviated.

The number of jurisdictions with citizen involvement problems decreased during the third and fourth years, but, on the basis of a single year, appeared to be increasing in year 5. The decline of problems in the second time period appeared to result from better communication between citizens and local governments on the benefits available to them in housing rehabilitation. The apparent increase in the fifth year may be related to generally increased citizen participation, reported in chapter 3, which resulted from HUD's neighborhood targeting policies, and the provisions of the 1977 amendments and HUD regulations which sought to expand citizen participation into the implementation stage of CDBG. In Minneapolis, for example, the associate reported that residents in the NSA's took on "model cities" attitudes, reviewing proposed contracts and other steps of implementation.

Nonprofit organizations. Problems with nonprofit organizations were not a major source of difficulties, and they appeared to decline over time. The major problem with such organizations was inexperience and lack of qualified staff. In Durham, N.C., a nonprofit organization had difficulty getting staff to carry out a program for retarded citizens. Portland, Maine, had similar problems in the early years with nonprofit organizations in social services. In Worcester, Mass., there were initial delays in getting social service programs underway because of problems in working out local performance bonding requirements. Problems associated with nonprofit organizations became negligible because such organizations gained the necessary experience or were eliminated from local programs.

Other. A number of miscellaneous problems occurred over the 5 years. Bad weather and changes in political leadership were the most common. Harris County experienced rain delays in some capital projects; a tree-planting project in St. Louis was delayed because of a severe winter. In Allegheny County an election brought major changes in the county board of commissioners which led to changes in both CDBG administration and development priorities during the second year of the program.

Implementation of Programs

In this section we analyze implementation problems encountered for specific kinds of activities to discover which activities were most difficult to implement, and where progress was made in solving them. We would expect capital projects to be more difficult to implement than social services, and that jurisdictions would have fewer problems as they gained experience in the program. Generally, the data confirmed these expectations.

For this analysis there are six program categories:

1. Housing (including housing rehabilitation)
2. General improvements (neighborhood conservation and general development)
3. Urban renewal continuation
4. Economic development
5. Social services
6. Public facilities (social and public service facilities)

The program categories are basically the same as those defined at the beginning of the previous chapter, although minor changes were made to consolidate categories with similar activities since they would involve the same implementation requirements. The general development and neighborhood conservation categories were consolidated because the activities in each are identical, the only difference being that the latter is neighborhood-oriented while the former is communitywide in nature. Social and public service facilities were also grouped together because construction and rehabilitation of facilities in either category generally involve the same implementation process. Urban renewal continuation was retained as a separate category because of its separate history, although specific activities were frequently similar to those in other categories. We did not include the planning and administration category since this usually did not directly involve implementation of development activities.

Housing and general improvements were the program categories most frequently cited by associates as a source of implementation difficulties throughout the first 5 years of the program (table 5-2). All jurisdictions in the sample participated in these programs, and most of them experienced implementation problems. The high frequency of jurisdictions with housing problems was not surprising since these were frequently the most difficult activities to design, and in many circumstances housing rehabilitation was a new undertaking for the general local government. The frequency of jurisdictions' having problems in implementing general improvements was not expected because activities in this category are generally the traditional capital activities of local governments--streets, sidewalks, and parks and recreation projects.

Because of the almost universal participation in housing and general improvements, and because more than half of the allocations in the sample went to these activities each year, examination of implementation problems in these two areas can tell a great deal about the many complexities of program execution under CDBG. Problems with public facilities, economic development, and social services occurred in fewer communities. Associates reported the fewest number of problems with urban renewal continuation. The discussion below examines the problems experienced in each program category.

Housing. All jurisdictions had housing programs in at least 1 of the 5 years, and nearly all had implementation problems. Housing programs, which are primarily rehabilitation activities, were probably the most complex undertaking in CDBG.

Table 5-2. Number of Jurisdictions Having Implementation Problems, by Program Category[a]

Program category	Years 1-2	Years 3-4	Year 5
Housing	41 (87)	42 (86)	37 (76)
General improvements	40 (85)	44 (90)	34 (72)
Urban renewal continuation	14 (52)	10 (48)	5 (31)
Economic development	18 (67)	19 (58)	11 (31)
Social services	18 (53)	18 (50)	13 (37)
Public facilities	25 (60)	25 (58)	15 (41)
Total jurisdictions with problems	48	47	46
Total sample[b]	49	49	49

Source: Field research data.

a. Number in parentheses is the percentage of jurisdictions having problems relative to the number having such projects.

b. Does not include Cleveland, Ohio.

The complexity of establishing a housing rehabilitation program is suggested by the many functions that are involved, the multiple decisions that must be made, and the number of actors who must make them. The complexity was multiplied in those communities which had no experience with housing rehabilitation programs prior to CDBG. Even those that had pre-CDBG experience with housing rehabilitation programs had not been required to make some of the major decisions involved in implementing the program--others did that, Federal or State officials. For example, under the previous urban renewal program Federal law established the maximum grant and income eligibility, but under CDBG such decisions were left to local discretion. Among[2] the functions to be performed in a housing rehabilitation program are:

1. Establishing *standards* which determine the level of rehabilitation that is to be done (ranging from code enforcement to major renovation), as well as a means for enforcing these standards. The basic standards comprise the local housing or building code, as well as compliance with basic health and safety standards, which may be written to meet State and Federal standards. Several local departments usually are responsible for enforcing the designated standards.

2. *Financing* the capital and credit for rehabilitation projects. Depending on the specifics of the local program, this may involve private lending institutions, Federal funds under the section 312 loan program, and the local CDBG office which may provide loans, grants, interest subsidies, or loan guarantees. Because of the scale of the activities, financing arrangements for multifamily projects are likely to be more complicated than providing credit for single-family rehabilitation.

3. Fire and hazard *insurance* must be available, for these structures. Without such insurance, private financing will probably not be available, since the lack of insurance coverage threatens the lender's security interest in the property.

4. The renovation requires that *construction* be performed by contractors who are competent and experienced in residential rehabilitation. Not only are experienced and bonded contractors necessary, but an adequate supply of skilled trades persons is

needed--electricians, plumbers, carpenters, etc.

5. If the physical rehabilitation is going to displace current occupants temporarily while the work is being done or permanently because of the increased costs of occupying the dwelling units, then relocation services may be needed as well.

6. Participation of property owners. They must take the initiative and apply for assistance. Often they must also seek private financing, locate a contractor, and make sure that the work meets applicable standards.

Overlying these basic functions is the responsibility of the local government, usually through a community development office or sometimes a nonprofit organization, to carry out the day-to-day activities--publicizing the program, providing technical assistance to property owners contemplating rehabilitation, and reviewing applications for assistance under the program. The review process may include evaluating the plans and specifications for the job, determining the eligibility of the property owner and the property under the program's guidelines, and evaluating the economic feasibility of the proposed rehabilitation.

Major coordination efforts and often special incentives were required to induce all of the actors performing the many functions to participate in housing programs. Nearly every jurisdiction had one or more problems relating to the coordination of actors in the program. Allegheny County had problems coordinating the participating departments of local government; Los Angeles had difficulties because section 8 money to be linked with CDBG funds was inadequate; St. Louis was unable to get sufficient participation by the financial community; Sioux Falls, S.Dak., had problems with the poor quality of work done by contractors; Cambridge, Mass., had difficulty with nonprofit organizations in a weatherization program; and Evanston, Ill., had difficulty getting owners of multifamily housing to participate in its program.

As shown in tables 5-3, 5-4, and 5-5, procedural problems were the major obstacle to successful implementation of housing programs through the years. This was a result of the complex relationships necessary to carry out housing programs, as indicated by the discussion above. The next most important problem in housing was operational capacity, primarily because many jurisdictions had no experience and thus no

Table 5-3. Number of Jurisdictions Where Implementation Problems Occurred, by Type of Problem and Program Category, Years 1-2

Type of problem	Number of jurisdictions with problems	Program category					
		Housing	General improvements	Urban renewal continuation	Economic development	Social services	Public facilities
Procedural	42	29	37	12	14	13	21
Operational capacity	26	21	13	5	7	4	7
Private for-profit organization	22	18	9	3	2	0	1
Nonprofit organization	9	1	2	1	0	7	3
Citizen involvement	20	10	9	1	0	2	5
Cost	20	9	14	1	2	2	7
Other	8	3	3	1	1	3	2
Total	48	41	40	14	18	18	25
Sample Size[a/]	49	47	47	27	27	34	42

Source: Field research data.

a. Does not include Cleveland, Ohio.

Table 5-4. Number of Jurisdictions Where Implementation Problems Occurred, by Type of Problem and Program Category, Years 3-4

Type of problem	Number of jurisdictions with problems	Program category: Housing	General improvements	Urban renewal continuation	Economic development	Social services	Public facilities
Procedural	43	31	39	8	13	15	17
Operational capacity	25	22	10	3	7	5	6
Private for-profit organization	28	18	14	2	3	0	4
Nonprofit organization	6	3	1	0	0	2	1
Citizen involvement	14	9	6	1	2	2	4
Cost	26	12	18	0	4	0	14
Other	7	3	4	1	1	1	1
Total	47	42	44	10	19	18	25
Sample size[a]	49	49	49	21	33	36	43

Source: Field research data.

a. Does not include Cleveland, Ohio.

Table 5-5. Number of Jurisdictions Where Implementation Problems Occurred, by Type of Problem and Program Category, Year 5

Type of problem	Number of jurisdictions with problems	Program category					
		Housing	General improvements	Urban renewal continuation	Economic development	Social services	Public facilities
Procedural	39	26	28	4	9	7	12
Operational capacity	17	11	8	1	3	4	3
Private for-profit organization	15	9	9	2	0	0	0
Nonprofit organization	2	1	1	0	0	0	0
Citizen involvement	15	6	7	2	3	4	2
Cost	20	14	13	2	3	1	7
Other	7	2	3	0	0	1	1
Total	46	37	34	5	11	13	15
Sample size[a]	49	49	47	16	35	35	37

Source: Field research data.

[a] Does not include Cleveland, Ohio.

personnel skilled in such programs. In the first two time periods, half of the communities with housing activities had a problem with a lack of skilled personnel, but only about 30 percent reported such a problem in the fifth year (keeping in mind that the first two periods spanned 2 program years each). This may indicate that communities with housing activities were showing some success in acquiring the various skills needed to carry out housing programs.

Problems with the private for-profit sector were also numerous in the early years. By the fifth year such problems were decreasing as jurisdictions and the private sector developed better working relationships or private sector participants had decided not to participate and thus were no longer a source of difficulties. New York City had particularly difficult problems which included both procedural factors and complications in working out arrangements for the participation of the private sector.

New York City

> The city hoped to encourage rehabilitation of properties in target areas by encouraging private financial institutions to enter into joint agreements with the city, owners of multiple-tenant housing, and the tenants. Under its rent control authority, the city restructured rents in the affected buildings to determine the maximum loan the building could bear at the market interest rate. It would then make a loan (at below market rates) sufficient to make up any difference between the amount needed for the rehabilitation and the amount the rents could finance.
>
> Several problems occurred. The city's corporation counsel asked for priority in the loan guarantees over the private banks; that is, in case of default the city would have first claim to any assets. The banks refused and would not participate. The corporation counsel agreed to accept second priority. It then worked out a master agreement for all the banks, but each bank found it necessary to work out its own agreement and its own language for each loan.
>
> In some cases, the loans increased the rents for apartments in the building above the level tenants could afford, and the tenants refused to cooperate. The city's rule was that it would not work with

> buildings in which there was landlord-tenant disagreement on the rents and work to be done. The fact that some tenants would be unable to afford the rehabilitated building tended to increase disagreement, as well as cause the city difficulty with HUD displacement provisions. The city then decided to provide Federal section 8 rental subsidies to tenants in the rehabilitated buildings who met income eligibility standards for the rental aid.

Problems with citizen involvement in housing improved as residents became more acquainted with the housing programs and actively sought assistance. A number of jurisdictions reported a backlog of applicants for rehabilitation assistance in the later program years.

The exception to improvement or leveling off of problems was cost. The number of jurisdictions with cost problems rose during each period. This resulted from two conflicting factors. The popularity of housing rehabilitation among local groups and officials and HUD pressure in some communities led to greater allocations for housing and it became the largest single activity in our sample. At the same time, the cost of land, construction materials, and labor usually exceeded the general rate of inflation while real CDBG dollars declined. The cumulative effect of higher demand and higher costs resulted in the increase of cost problems. In growing jurisdictions the greater general demand for housing and land development made the cost of many CDBG-funded housing activities especially high. It should be added, however, that cost problems were not always unexpected since local officials, responding to demands, sometimes included such activities in their grant applications knowing that the proposed allocations were insufficient.

General improvements. As shown in table 5-2, most jurisdictions had general improvement projects, and most had implementation problems.

The high incidence of problems was not expected since these activities generally included the traditional capital activities of local governments such as streets, sidewalks, parks, and recreation. Because most jurisdictions were experienced in carrying out such activities, it was reasonable to assume that they would have few problems implementing the same kinds of activities funded with CDBG money. This assumption was partially supported by the data which showed that the lack of operational capacity was a distant third or fourth place behind procedural problems in each time period; that is, the communities generally did not lack the kinds of personnel needed to execute such projects (tables 5-3, 5-4, 5-5). The lack of capacity that was reported usually resulted from the fact that the project pipeline of the line departments was already filled and the CDBG-funded activities were an added workload. Put another way, the range of needed skills was usually there, but perhaps not in sufficient quantity to expedite the additional CDBG work.

The higher incidence of procedural problems was partly related to different perceptions of what constituted a problem and partly to certain requirements attached to such projects by the CDBG program. The major procedural problem was coordination, or lack of it, between those preparing the CDBG application and those expected to actually execute the projects--that is, the fragmentation of the planning and execution tasks. As stated earlier, activities included in the CDBG application very often had not gone through the planning stages that were necessary to make a realistic cost estimate and to bring a particular project to the stage where it was ready for bidding and execution. There often had been little or no prior consultation with the line departments responsible for program execution prior to submission of the CDBG application, and officials in the line departments had little idea what projects were going to be sent to them.

This set the stage for a variety of procedural problems. For example, the CDBG program year was not necessarily the same as the operating year for the line department. CDBG projects were sent to a line department after that department had already set up its project priorities, and CDBG activities were put at the end of the line. And, because the preliminary cost estimates and design work frequently had not been done, the CDBG activities might not even be considered for execution until the following year. In this sense line departments did not distinguish between CDBG projects and projects funded from local tax revenues or State funds; CDBG was just another source of money to do the same kinds of things and had no special priority. Houston and New York City were among the places where this occurred. This situation also illustrated the difference in perception about what constituted an implementation problem. To a person observing the progress of the CDBG program and looking for quick, visible results, this meant that CDBG funds were budgeted but left unspent for an extended length of time. To an official of the line department receiving the money, this was likely to be considered routine and did not constitute a "problem."

A second example relates to the internal procedures of the line department. Public works departments might hold funds for a number of small projects until they could be packaged for a single, large bid;

this was likely to occur more frequently for such projects as streets and sidewalks construction that for park development projects which had more individualized requirements. A variation on this procedural theme would occur when the public works department would wait until it had a sufficient quantity of work in the same area, rather than proceed with small, scattered projects. These scattered projects sometimes characterized the distribution of CDBG street and sidewalk activities, a distribution pattern more to meet political and neighborhood demands than the operating procedures of line departments.

A different category of procedural problems resulted from Federal regulations which often required that jurisdictions handle such projects differently than they normally would. Environmental review assessments required by Federal law slowed down Phoenix, Sioux City, Iowa, and other jurisdictions in the early years because of their unfamiliarity with environmental review requirements and their impact. Houston, among others, was slowed down by Davis-Bacon wage standard requirements. In some cases officials in local line departments did not understand these requirements, and in a number of cases they continued to cause problems even after the requirements were better understood. In a sense, a number of local practices were being "federalized" for the first time, either because jurisdictions had not participated in the categorical programs or because CDBG activities involved new programs and actors.

After procedural problems, cost was the major source of delays in implementing general improvements, and the number of communities where the problem occurred was increasing as the program proceeded. The cost problem was the same as that discussed in the housing category--rapid increase in the cost of construction materials, labor, and land, combined with unrealistic allocations in the application.

No discernible improvement occurred in general development problems for several reasons. As discussed earlier, procedural problems are probably endemic to CDBG, as well as to a wide range of other local non-CDBG functions, and they were responsible for problems in general development in most of the jurisdictions.

Public facilities. At least 75 percent of the sample communities had public facilities activities in each time period. In the first two time periods about 60 percent of the communities with such activities had implementation problems; in the fifth year 40 percent of those making such allocations had difficulties carrying them out (table 5-2).

Most public facilities involved the same set of procedures involved in general improvements--design, engineering work, bidding, and contracting. In addition, public facilities often required two additional steps early in the implementation process--site selection and land acquisition--which could cause delay. For example, in Newark, the Dayton Street Community Center, funded in the third year, was still not underway in the fifth year. Site location was the major factor, in large part, because citizens could not agree on where it should be. In one of Cook County's municipalities only four tracts of land were available for a fire protection facility, and no one wished to sell. The municipality did not wish to go through condemnation proceedings, and eventually redesigned the project in combination with a police station. Both examples also reflected the fact that communities generally allocated funds to only one or a few public facilities at any one time; thus, they were highly visible and sometimes controversial. Another factor in implementing public facilities projects was the one-of-a-kind character of each facility, requiring individual design and engineering work. Even if a standard plan could be use--for a fire station, for example--modifications might be required to fit the particular project site.

As shown in tables 5-3, 5-4, and 5-5, procedural problems were the major difficulty throughout the 5 years. By the fifth year few jurisdictions had the other kinds of problems, although cost remained because of rising construction costs.

Economic development. Implementation problems in economic development activities occurred in about two-thirds of the jurisdictions having such projects in the first time period; by the end of the second period such problems were down to one-third of the communities making such allocations (table 5-2). Economic development activities included both industrial and commercial activities ranging from the acquisition of land for an industrial park to technical assistance for minority businessmen. As discussed in the previous chapter, this was a small, although growing, program category and jurisdictions generally had only one or a few such activities. Such activities were new to many jurisdictions and the often unique character of the projects caused some implementation problems at the outset. For example, Santa Clara, Calif., had difficulties getting land rights for an industrial park; Cleveland Heights, Ohio, had a problem getting merchants to participate in commercial strip rehabilitation.

By the fifth year, more jurisdictions had economic development programs, and fewer appeared to have problems.

Social services. Implementation problems in social services occurred in about half of the jurisdictions in the first two periods but showed some decline in year 5 (table 5-2). The associates reported that such problems, unlike those in many of the capital programs, were rarely major. Houston and King County, Wash., had problems with nonprofit social service providers who lacked the capacity to carry out their tasks. Political factors caused problems in El Monte and Los Angeles, Calif. In El Monte, social service programs appeared in each year's application, but they were not implemented because no administrator was hired; political pressure prevented the hiring as a way to halt the activities which were not perceived as a legitimate city activity. In Los Angeles, social service funds were moved around by council members for various political reasons, making planning and management very difficult.

With reprograming, better documentation to counter HUD objections, and better control over nonprofit organizations, implementation of social services proceeded more smoothly as the program proceeded.

Urban renewal continuation. Urban renewal continuation included activities such as property acquisition, demolition and clearance, public improvements, and relocation. As shown in Table 5-2, the number of jurisdictions having such problems dropped from about half those having urban renewal programs in the first two time periods to less than a third in the fifth year. Land acquisition was often the major problem, as it had been throughout the 25-year history of the program. In Newark and East Orange, N.J., land acquisition problems arose because of a lack of coordination among city agencies. In Rochester, the urban renewal allocations in the first 2 years were diverted from development activities to pay condemnation costs of land. Property owners wanted more money for the land, and the issue went to court.

Expenditure Rates as a Measure of Progress

In chapter 2 we discussed HUD's use of the rate of expenditure of CDBG funds as one indicator of program progress. The overall expenditure rate was used as an indicator of the progress of a community's program by HUD during its review of a local application for more funds. Expenditures on specific activities were examined by HUD officials during field visits to determine program progress or perhaps encourage local officials to shift their money to other activities.

There are two principal reasons for using expenditure rates as an indicator of progress or, conversely, implementation problems. First, the overall expenditure rate of a community would seem to be an easily obtained, uniform standard with which to compare the progress of all local programs. Second, for individual activities, expenditure rates would appear to be an easier quantified measure to obtain than anything else since all jurisdictions presumably keep records of the funds they spend. Neither of these assumptions is entirely correct.

Because of the importance given to expenditure rates in the fifth and sixth program years, we sought to determine if there was any relationship between the kinds of activities in a local program and its rate of expenditure. Earlier in this chapter we stated that some kinds of activities were more difficult to implement than others; it would follow that the more difficult activities would show a lower expenditure rate. We found a very general relationship of that kind. But the more interesting finding was that uniform, reliable data on expenditures for individual activities were very difficult to obtain because of the diversity and general inadequacy of local data. We referred to the same problem in the previous chapter in the analysis of reprograming of funds. The data problem is discussed further in the next section dealing with local capacity.

HUD looks at overall expenditure rates calculated on a cumulative basis. The overall expenditure rate is determined by the local "drawdown" of grant funds. Each jurisdiction has a letter of credit with the U.S. Department of the Treasury equal to the total of all CDBG funds it has been granted each year, less the amount of money it has drawn down. To obtain its money, a jurisdiction submits a drawdown voucher specifying how much money is needed. The amount cannot exceed a 3-day supply of funds except in specifically defined circumstances. HUD matches the total of all drawdown vouchers against a jurisdiction's letter of credit to calculate an aggregate expenditure rate.

HUD uses this information to monitor the progress of jurisdictions in spending the total funds they receive. For this general purpose, these data are probably the best available. However, when monitoring specific activities, there is no comparable data set. In at least some HUD area offices, monitoring at the level of activities is done by going to local governments on a case-by-case basis to use information available in whatever form local officials keep such records.

Because we were interested in monitoring the relative difficulty in executing different kinds of activities, and the extent to which low spending was associated with implementation problems, we needed to gather expenditure data on an activity basis. To trace the evolution of reprograming and program mix, we needed expenditure data on an activity-by-activity basis matching those listed in the application. On the basis of preliminary discussions with associates, we concluded that it would not be possible to collect such data uniformly on a cumulative basis. Many jurisdictions had no way of distinguishing the current year funds from funds unspent from earlier years, much less distinguishing such expenditure flows for individual activities. Thus, in designing the field report form we chose to collect data on the amount of money actually spent for each activity by the end of the program year from that year's allocation, rather than the cumulative amount of money spent on an activity over several program years. However, there were major problems even with this more limited effort.

In only 16 of our sample jurisdictions were we able to collect expenditure data which both corresponded to activities in the application and were internally consistent. Attempts to reconcile data from applications, reprograming information, and expenditure reports often revealed inconsistencies in local data, as well as in data supplied to HUD in the grantee performance reports (GPR). Some of the discrepancies arose because in many communities there was no continuous, uniform record kept between the application and the expenditure data; for example, the name of an activity and its project number were different on the application and the expenditure report used. In a number of cases the expenditure data were inaccurate or incomplete; for example, more money was reported spent on activities than was allocated in the application with no record of reprograming of funds during the year. Many jurisdictions could not provide expenditure data on a year-end basis that matched the program years. In some communities expenditure data were available only from individual payment vouchers kept in various line departments; in some cases the CDBG money could not be sorted out from other funds spent on the same activity. In Lubbock, Tex., high turnover and limited staff capacity contributed to poor records in the early years of the program. In Columbia, S.C., officials took CDBG funds to be "stringless" and did not account for them separately from other funds.

There was also the problem of when money was considered to be spent. In Allegheny County, Pa., the jurisdiction considered an expenditure to have been made when a contract for services had been signed. Other jurisdictions did not consider funds expended until a project was complete and a contractor paid. In Mt. Vernon, N.Y., expenditure meant obligations in the early years, then actual drawdown of HUD funds, and then the city switched back to obligations. In the case of urban counties the situation was even more complex because of the municipalities. Los Angeles County officials considered money expended when the participating municipalities told them it was, but municipal reporting was not done in a uniform way.

In addition to the different ways that localities kept records, the different ways they drew down funds or designed and funded activities also influenced expenditure rates.

Jurisdictions may draw down money whenever they like, as long as the drawdown does not exceed the 3-day limit. For example, Los Angeles regularly draws its money at 3-day intervals while some smaller entitlement communities in the area draw down funds only once or twice a year. Thus, Los Angeles' expenditure rate is likely to be higher than that of communities with less frequent drawdowns. A related aspect is the way jurisdictions bill their project costs. Some jurisdictions wait until a project is completely finished before they submit drawdown vouchers to HUD; thus, their rates of spending may seem low. This frequently happened in Chicago and on some projects in Minneapolis. Jurisdictions like Los Angeles, which billed as projects progressed, appeared to have higher rates of expenditures than those which billed after projects were complete. HUD advised Santa Clara, Calif., to draw down its funds against progress payments made to developers rather than wait to draw down funds when projects were completed.

When expenditure rates became an issue with HUD or local officials, several actions could be taken to increase expenditure rates without necessarily speeding up execution. Reprograming money from slow to fast moving activities was one method of spending money faster, and HUD encouraged this in some communities. In Seattle, the city borrowed money from slow moving projects and loaned it to projects which were moving faster. Later the money was returned to the slower moving projects when they needed money. Thus, the expenditure rate was improved but the overall progress of the city's program was unchanged. However, this reprograming of funds often was invaluable as a management tool (see chapter 4 for a discussion of reprograming as a management tool).

Another way of increasing expenditure rates which appeared to be gaining acceptance among local officials was program staging, or breaking projects into several phases to be funded in different program years. This could be viewed as a positive form of local adaptive behavior since it generally improved the overhead management of CDBG activities. It also reflected a local confidence that CDBG was here to stay; it was not likely that local officials would allocate money by the stage of progress if they thought the money would suddenly be stopped. In the early years of the program, most jurisdictions included all anticipated project costs in 1 program year, even though implementation might be extended over several years. As a result a jurisdiction often spent little of its money in the program year the funds were allocated. Cook County started to stage allocations for major capital projects over a 3-year period. New York carried the procedure a bit further. Beginning in the fifth year, all money not spent during the program year was subject to reprograming. In attempts to increase the rate of spending, the city used CDBG money to start capital projects but later shifted the activities to its own capital budget, in part, however, to avoid Federal environmental review statements and other red tape.

Our analysis of expenditure data is limited by several factors, principally the lack of data on cumulative expenditures and the small number of sample jurisdictions where acceptable year-end data were available. Because the data are not cumulative, it is not possible to compare spending rates over time. For example, we could not directly compare the spending rate on housing in year 1 with the spending rate on housing in year 2 because the spending of housing funds allocated in year 2 may have been delayed until the money allocated in year 1 was completely spent. This in turn affected the expenditure rate on housing in successive years. Thus, the cumulative expenditure rate might be increasing, but this would not be shown necessarily in our analysis of year-by-year data. The small number of jurisdictions (16) requires some caution in analysis because fluctuations within a single jurisdiction have a greater effect on the means. The 16 jurisdictions are roughly representative of the larger sample in terms of jurisdiction size and type.

We focused on the difference in expenditure rates between program categories during a program year as indicative of the relative difficulty of spending money among different kinds of activities. As shown in table 5-6, allocations for social services and urban renewal projects generally were spent the most quickly, social services because it was largely payment of salaries and urban renewal because it represented commitments to activities already underway. In each of the 4 years these 2 categories had expenditure rates above the overall rate of spending.

General improvements were among the more difficult activities to implement, as indicated earlier (table 5-2). In each year spending in that program category was below the total spending rate (table 5-6).

Table 5-6. Expenditure Rates for the First 4 Years of CDBG, by Program Category (unweighted means)

Year	Total[a]	Housing	General improvements	Urban renewal continuation	Economic development	Social services	Public facilities
1	45	33	28	51	45	54	34
2	49	41	44	59	35	67	28
3	45	48	33	51	21	65	27
4	40	35	29	43	50	64	31

Source: Field research data.

a. Includes figures for planning and administration, and nonallocable activities. Since the spending rate for planning and administration tends to be high, the overall average is pushed upward. The maximum N is 16, although it varies by year and program category as jurisdictions add or drop programs.

Public facilities was another category well below the total spending rate in each year; as discussed earlier these activities often had to pass through the site selection and land acquisition stages which sometimes evoked political controversy and added to the delay that normally accompanied capital projects.

Earlier it was stated that housing activities were among the most difficult activities to implement, particularly in the early years, because many communities lacked the staff expertise to set up and implement such projects. The expenditure rate for housing was below the overall annual rate for the sample, but that difference tended to become less as the program proceeded. In the third year the rate of spending on housing exceeded the total spending rate for the 16 communities for which data were available.

We present these expenditure data only as rough indicators of the ease or difficulty in implementing different kinds of activities. The data obscure important factors that may contribute to the difference in expenditure rates among communities, particularly the changes in a community's program mix between years or within a year. For example, St. Louis showed continued progress in spending its allocations for housing over the first 3 years with expenditure rates of 12, 20, and 75 percent, respectively. In the fourth year the expenditure rate dropped to 44 percent, the reason apparently being that the city more than doubled its allocations to housing as the result of a large increase in its grant from the dual formula. Phoenix appeared to spend its housing funds at a rate faster than the sample average, but in 3 of the 4 years it reprogramed funds in midyear from housing to other activities because it lacked the capacity in the early years to implement its housing rehabilitation activities. Generally, the money was shifted to continuation of an urban renewal project which resulted in more rapid expenditure of funds. As late as the fourth year Phoenix was still making annual downward adjustments in housing allocations. In that year the original allocation of 27 percent of the city's grant for housing was reduced to 11 percent before the end of the program year; the city spent 51 percent of the lower allocation by the end of the year compared with the sample average of 40 percent.

In summary, obtaining expenditure data to measure program progress in CDBG is a very difficult task because local jurisdictions vary greatly in bookkeeping and drawdown procedures. Where data comparability could be attained, expenditure data on a program basis did generally coincide with program progress. However, the linkage is a very tenuous one, and faster or slower expenditure rates are probably endemic to certain programs (e.g., general development will generally spend out slower than social services). Perhaps more important than the expenditure-progress linkage, we found that jurisdictions often had very serious deficiencies in tracking expenditures, deficiencies related to administrative capacity, a topic addressed in the next section.

Local Administrative Capacity

In this section we examine three aspects of local ability to carry out a CDBG program: (1) planning capacity; (2) execution capacity; and (3) overhead management capacity. In examining capacity, we enter a difficult area for analysis because there are many subtleties to such an assessment and the term carries connotations of efficiency and effectiveness. Our research was not designed for such depth of analysis, but we felt it appropriate to undertake a general discussion of administrative capacity and the development of such capacity over the first 6 years of the CDBG program. A point to be noted is that, as the program proceeded, additional kinds of capacity frequently had to be added. Development of a front-end planning capacity to prepare the first application was not sufficient to carry a local program through the subsequent stages of implementation and overhead management. Also, as HUD pressed communities on implementation and management issues in the later years there was a further inducement for local officials to remedy any gaps in their administrative capacity (see chapters 2 and 3). And because the term capacity itself is used so generally, we thought it would be useful to sort out three dimensions of administrative capacity as they related to the CDBG program.

Planning Capacity

In its broadest context, planning capacity for CDBG is the ability to identify local community development needs and assemble a program that meets those needs. Analysis of such capacity presumes a comprehensive study of local needs and the relationship of development plans to those needs; this is heavily laden with a qualitative evaluation of local CDBG plans. We take a narrower view of planning capacity. We mean the capacity to implement a process that leads to the completion of the application necessary to receive HUD approval of an annual CDBG grant. Associates reported three aspects in the development of this capacity: (1) establishment of new or restructured organizations; (2) increased staffing; and (3) a broadened awareness of revitalization needs and the needs of lower income residents.

One of the earliest developments in capacity building was the establishment of new organizations or the restructuring of existing ones to prepare the CDBG application and administer the program.[3] As stated in our first report, this organizational development was accompanied in many communities by a reduction in the role and influence of the model cities and urban renewal agencies in development decisions.[4] In most communities this overhaul of organizational responsibility also signaled that community development was no longer to be a small target-area approach but would now encompass a broader geographic area.

Some jurisdictions, anticipating congressional enactment of CDBG, began early to set up the organizational structure for the new program; others waited until the program was officially established before assigning the program to any organizational unit. Because there were only 6 months between the time CDBG was passed and the deadline for submission of applications, the organizational arrangements at the outset of the program were sometimes temporary and were changed in the second year. In any case, there continued to be organizational rearrangements as the program proceeded; in chapter 3 we stated that changes in administrative responsibility for CDBG in some communities were continuing as late as the sixth program year. By then, however, it was not so much a matter of a capacity to do the necessary CDBG planning work as it was a shifting of organizational arrangements to accommodate changes of local political conditions.

St. Louis illustrates the effects of CDBG on local development organizations. Prior to CDBG, development functions were fragmented among a number of agencies including the planning commission, line departments, and special authorities. The associate reported: "As a result of this divided authority, plans for significant city redevelopment were rarely totally realized, whether the emphasis was physical, economic, or comprehensive neighborhood development. In anticipation of CDBG (and building on the comprehensive planning and program experience of model cities), the city established a new administrative agency--the Community Development Agency--consolidating some existing functions, while creating some new functions (residential development, for example)."

More commonly, jurisdictions made their organizational decisions after CDBG started, either by creating new departments or staff agencies or by establishing special divisions within existing departments to administer CDBG. In communities without prior experience with either the model cities or urban renewal programs, which included most urban counties and many satellite cities (both in our sample and nationally), the coming of CDBG frequently resulted in the development of new capacity to undertake a new function of local government. Communities in our sample without prior experience with the HUD grants took a variety of approaches to gear up for the block grant.

The most direct approach was to create immediately a new organizational unit. Hennepin County created a Development Planning Office and Harris County established the Harris County Housing Authority. El Monte, Calif., initially used private consultants, but responsibility was placed eventually in a local department. Several jurisdictions created ad hoc task forces made up of representatives of various executive agencies and sometimes included council members and citizen representatives. This approach was used by Lakewood, Colo.; Cleveland Heights; Evanston, Ill.; and Seattle, Wash. The task forces usually included members of local planning departments; in a number of cases CDBG became a permanent part of the planning department. Assessing the development of planning capacity in Cleveland Heights after 6 years, the associate wrote,

> The staff in the Planning Department has major responsibility for developing the CDBG program, with strong advisory input from the Citizens Advisory Committee, which is staffed by the Planning Department. The city manager generally supports the planning staff in mediating between competing demands, especially as they arise between city departments. Line departments submit requests to the Planning Department in the same way outside agencies do. The Planning Department actively encourages and discourages submission of specific proposals from departments and the community at large. The process has not changed significantly except to become smoother, and highly institutionalized. This is partly because at least half of each years allocation is locked in to ongoing programs.

A second element of planning capacity concerned the size and experience of the staff. In those cities with model cities and/or urban renewal experience, a pool of expertise was available in those agencies. Where new organizations were created there was frequently some shifting of staff from the older programs to the new CDBG office. But even where the categorical agencies were assigned the new CDBG responsibility, at least initially, they often found it necessary to adjust themselves to a broader set of development perspectives implicit in CDBG. But whether in communities with or without prior program experience, CDBG often added considerably to the resources available for establishing and maintaining a planning staff. In DeKalb County, Ga., CDBG funds enabled the parks department to hire an extra planner. Cleveland Heights gradually expanded its staff as its yearly allocation and range of activities grew. In Miami, the planning department staff was significantly expanded by CDBG funds. Pittsburgh also was able to increase staffing with CDBG. During the first 2 years of the program in Allegheny County, HUD reports repeatedly identified staff inadequacies. As the county became more secure that CDBG funding would continue, additional staff were hired for the department of planning and development.

A third element of planning capacity reported by the associates was increased sensitivity of planners and political leaders to the revitalization needs of low- and moderate-income areas. In some jurisdictions this included the beginning of new programs such as housing. This occurred in Phoenix, Scottsdale, and Huntington Beach. In others, it meant expanding existing programs, as in Boston and Pittsburgh. The associates stated that HUD's emphasis on targeting (see chapters 3 and 4) was often the reason for the increased awareness, although some communities initiated such targeting early in the program without pressure from HUD. In Huntington Beach, the associate reported that CDBG sensitized the council and planning staff to the needs of people in the community's pockets of poverty and they developed a new constituency in these areas. In Jacksonville, according to the associate, CDBG planners who had been more oriented toward traditional building and land-use issues became more aware of the need to assess the social impacts of their planning. In some of the less experienced jurisdictions, the change was substantial. The associate for Orange County, Calif., reported: "Perhaps the biggest impact of CDBG has been in the consciousness-raising which has taken place within the local governments (in the county and participating municipalities) and the impetus which the CDBG effort has given to local governments to accept responsibility for housing and for the physical and social surroundings of their lower income citizen." In other words, the CDBG effort has caused a rethinking and expansion of the traditional roles of local government.

However, increased sensitivity did not necessarily lead to the same kinds of responses. The Houston associate reported:

> Even though most people would agree that the real contribution made by the CDBG program thus far has been the opening of the eyes of public officials to the need

> for inner-city revitalization, the fact remains that there is quite a difference of opinion as to what revitalization should entail. One view, shared by a number of developers and city officials, is that revitalization should involve the conversion of inner-city property to its highest and best use. For the inner city to continue to attract business and industry, the lifeblood of the city's economy, deteriorating areas must be revitalized which can best be done by changing the use to which rundown property is put. Another view, held by a number of neighborhood civic groups and other city officials, is that revitalization should mean neighborhood preservation.

Execution Capacity

Execution capacity is the ability to carry out a particular kind of activity specified in a community's CDBG application, such as street paving or housing rehabilitation. There are two dimensions to execution capacity: the capacity to execute both traditional and new activities, and the capacity to execute such activities according to Federal requirements.

Many jurisdictions began new activities in CDBG, typically in housing rehabilitation and economic development, but often lacked the range of skills needed to execute them. As they developed such capacities, the procedural arrangements factored in the various Federal requirements such as wage standards and environmental review. Thus, there was the parallel development of both skills and procedures.

The situation was different when it involved the capacity of local governments to carry out their traditional functions--construction and maintenance of streets, sidewalks, parks, etc. Resurfacing of streets is a traditional local function operating under long-established State and local procedures. In the eyes of a local public works official, the perception was likely to be: "We've always done street resurfacing and this is the usual procedure and time required." But a HUD official looking at the rate of progress of the local CDBG program might perceive a lack of capacity because money for street resurfacing was lying unspent for a year.

We discussed this difference in perceptions earlier in the chapter in the analysis of implementation problems. We repeat the point here to stress the difference between the capacity to execute activities and the capacity to execute activities in accordance with Federal standards. A community may have the former but have to develop the latter. Until it does, the community may be perceived as lacking what we have called operational capacity; but this is often not the case. In the process of acquiring the capacity to execute by Federal standards, such as inserting federally required compliance provisions into contract specifications, some degree of federalizing of the local procedures frequently results; this is illustrated below in Worcester. We are not arguing whether this is good or bad; our point is only that it occurs.

Many jurisdictions had no experience and thus no skilled personnel to execute one or a number of activities they chose to implement. Others had some experience, but implemented programs with a different emphasis. As discussed earlier in the chapter, about half the jurisdictions experienced implementation problems because they lacked operational capacity. In many communities new organization, more staff, and growing experience improved the execution capacity. In Cook County, the participating municipalities had virtually no execution capacity in housing, but the county started a program and helped the communities to develop the necessary skills. Miami Beach, Phoenix, New York City, and a number of other communities had similar problems and increased their capacity to execute housing programs.

How much execution capacity a jurisdiction has or needs depends on what activities it chooses to implement. A local program dominated by traditional public works activities may require little capacity beyond what existed before CDBG; a more complex program with a variety of new activities may lead to greatly expanded local capacity with the hiring of persons having the new skills required.

Phoenix illustrates the development of a capacity to carry out housing rehabilitation activities.

Phoenix

> Phoenix experienced spectacular growth in the postwar period, increasing its population from 107,000 in 1950 to more than 700,000 in 1980. Eighty percent of its housing stock was built after 1950. Prior to CDBG, the city government was oriented toward infrastructure development required to meet its growth needs. Little attention was paid to development needs in the older sectors of the city or in the low-income neighborhoods. Because of a generally conservative local political culture and a mistrust of Federal

programs, Phoenix had participated in only one of the major categorical programs consolidated into CDBG, the Booker T. Washington Neighborhood Development Project (NDP). Phoenix also participated in the open space program.

Just as CDBG became law, the city's Housing Commission produced a voluminous inventory of housing needs focusing on the low-income areas. The report had considerable influence on the content of the CDBG application. The first-year program directed most of the grant to continue work on the NDP project and to undertake housing rehabilitation. But the city had no experience with housing rehabilitation and no skilled personnel to set up the program. There was substantial confusion. As one Phoenix staff member commented about the first few months of CDBG activity, "We didn't know what the hell we were doing. It's that simple."

For the first 2 years, Phoenix accomplished virtually none of its housing goals. There was no CDBG director and no staff official designated to be primarily responsible for implementation or monitoring of implementation. At the beginning of CDBG, the city created the Department of Housing and Urban Redevelopment (HUR) but its staff was inadequate and inexperienced. None of the staff had experience dealing with lending institutions or how to use block grant funds to leverage private rehabilitation dollars. HUR failed to establish communication with the line departments likely to be involved in various phases of the project. Meanwhile, the city continuously reprogramed the unspent housing money to the NDP and showed a high rate of spending money.

In the third and fourth years Phoenix began to improve its capacity to execute housing rehabilitation activities. In early 1977, the NDP office was merged into HUR. The housing agency was further strengthened by building its own planning and administrative capacity; it established better communication with other line departments. It also hired housing rehabilitation specialists. In the fourth program year, the city again reprogramed housing funds but the associate reported that the city was improving its ability to rehabilitate housing units.

One factor which has probably aided in the building of execution capacity in CDBG is the very nature of the program, which is, for the most part, a package of small, discrete activities. Once the basic organization of a larger program has been achieved, like housing rehabilitation, each unit of work (each house) requires much the same kind of execution capacity. With each house that is rehabilitated, execution capacity increases, and the large number of such discrete and relatively simple tasks provides "on-the-job" training experience.

Overhead Management Capacity

Management capacity is the ability to coordinate the various public and private agencies executing CDBG activities, monitor their performance, assure compliance with Federal standards, and maintain an information system on various aspects of the program.

The number of actors involved in the simultaneous execution of many activities makes many local CDBG programs particularly difficult to manage. Different schedules and operating procedures and diverse political and bureaucratic interests often made management the crucial variable in implementation. Cook County is illustrative of the problems, which tended to be greater in urban counties. In its fifth-year grantee performance report, the county reported that, in addition to the county government, there were 47 villages, 9 cities, 10 nonprofit organizations, 2 school districts, 2 townships, and a number of special organizations (e.g., West Suburban Neighborhood Preservation Agency, South Suburban Intergovernmental Agency, Barrington Area Council of Governments, and the South Suburban Mayors and Managers Association) involved in implementing the county's CDBG program. Allegheny County had a similar situation with 129 independent municipalities participating in the program. The problem in coordinating the multitude of executing agents, coupled with the traditionally limited role of many county governments, added to the management task. The problem of the county government was sometimes repeated in miniature within the participating municipalities.

The larger cities in the sample also tended to have management difficulties because their programs were likely to include activities in all program areas ranging from urban renewal, to housing rehabilitation, to social services. This demanded both different kinds of management capacity and more management capacity.

Worcester illustrates how HUD pressed for changes that added to the city's management capacity; it is also a city which had the operational capacity to execute traditional functions with its normal procedures, but it did not meet CDBG execution needs.

Worcester

Worcester has a population of about 165,000 persons. It participated extensively in the programs consolidated into CDBG; it had a model cities program and several urban renewal projects which involved major redevelopment of the downtown commercial area and revitalization of several residential areas. In short, it had extensive experience with a wide range of Federal activities.

Under CDBG it got off to a reasonably fast start on housing rehabilitation because of its experience with model cities and urban renewal. By the second program year it had rehabilitation work in progress in three target areas. However, work proceeded more slowly on a variety of public works activities. The city had all of the skills necessary to implement public works activities, but priorities and procedures in place at the Department of Public Works (DPW) required long lead times from approval of the application by HUD through final field work.

Prior to CDBG, most of the DPW work was carried out with State, county, and city funds; this included street and sidewalks work and water and sewerage projects. DPW's customary procedure was to do both street and related sidewalk work at the same time; DPW also coordinated the surface and below-surface work so everything would be done together. Another procedural routine was to coordinate with various utility companies that may be planning the relocation or expansion of their underground facilities.

In contracting out to private firms to resurface streets, the DPW practice was to concentrate its planned work in a particular area and then let a single contract annually for the work.

Thus, a variety of procedural and engineer-related considerations went into the setting of DPW priorities. Overlaying the department's procedures were political factors, with some of the general priority setting determined by the city council which was responsive to constituent demands. In short, there was a "city system."

In the early years of CDBG, the Office of Planning and Community Development (OPCD), which administers the block grant, had a simplified system for clearing or coordinating its plans with DPW to see how the priorities could be related. In its application to HUD, the general OPCD practice was to set aside a block of money and list all streets in a given area with the hope that as many as possible could be completed within the program year. What generally happened, however, was that the money provided to DPW was lumped into other sources of funds and DPW proceeded under its normal routine.

It was not until the third year that the system whereby allocations were held by DPW until it was prepared to contract work in the target areas became extremely critical. This made the planning agency more aware that the system for monitoring what DPW was doing or how the work related to the activities in the city's CDBG application needed to be overhauled. In the process the city also became aware that DPW was letting contracts for work that did not carry all of the necessary language to assure contractor compliance with a wide range of Federal requirements.

In the fourth year OPCD and DPW established a system for coordinating priorities before including them in the application to HUD. Procedures were also worked out for OPCD to review all DPW contracts funded with block grant money to assure the adequacy of the compliance language. DPW also began to segregate the CDBG funds from its other resources so there was a better accounting of how much work was being done with CDBG funds and where it was being done. One result was that CDBG projects were given individual attention and funds were spent faster.

> The overall effect was a significant improvement in OPCD's management of the local CDBG program. That management capacity was augmented further in the fifth year after HUD made a number of criticisms of the city's contract-monitoring procedures. A major criticism was the limited reporting system whereby contractors made periodic reports on the progress of their work, such as the number of housing units that had been rehabilitated or the number of persons who had received social services. OPCD developed a reporting procedure to require such information from the various contractors. This in turn gave the city a better ability to project in its annual applications how much work it could accomplish with the money it was allocating to various activities in a given program year.

Financial data. One area of overhead management capacity which we examined concerned local financial information systems as they related to our analysis of reprograming and expenditures.

The availability and quality of such data varied greatly among jurisdictions, but associates generally reported that financial information systems were improving. For the early years of the program, the data often were flawed with inconsistencies between application, reprograming, and expenditure documents, or simply were unavailable. The consistency of data improved in many jurisdictions and became more readily accessible because of more centralized recordkeeping. By the fifth and sixth years, about four-fifths of the sample jurisdictions had data available in a centralized system. One-fifth of the sample had computerized systems. In Columbia, S.C., for the first 2 years information was available only as payment vouchers in line departments. Pressure from HUD for a better data system and the efforts of an independent auditor led to improvements. Sioux City's financial data also improved because of HUD pressure. In Los Angeles, the city began with monthly accountant records which were hand-tabulated for each activity. This required constant updating because of extensive and frequent reprograming. In the third year a computer system was introduced to give the council more timely and accurate information.

Despite the general improvements, great variations remain in the form and quality of financial data. In some places month-by-month data on all aspects of the program are centrally available. In other communities, parts of the data are still available only on a voucher basis, and are hand-assembled only intermittently. Most jurisdictions fall in between.

It is likely that differences in recordkeeping among jurisdictions will continue, but it is also likely that the quality of the data reported will increase. Because of both local needs and HUD pressures, jurisdictions appear to be more aware of the importance of reliable financial data in management.

Conclusion

CDBG implementation is a complex process involving a multiplicity of both activities and actors.

Local CDBG programs frequently consist of a large number of discrete activities ranging from social services to economic development, each requiring specialized attention. Successful implementation is predicated on cooperation between a variety of actors including Federal officials, State governments, semiautonomous local and regional authorities, a variety of local public agencies, for-profit and nonprofit actors, and citizens. This complexity almost guarantees there will be implementation difficulties. It also precludes any simple cause and effect analysis of CDBG implementation that fits the diversity of procedures and actors found in individual communities.

Examination of implementation problems over the first 5 years of the CDBG program showed that procedural problems cut across more jurisdictions than any other type of problems. Different operating procedures, fiscal years, policy preferences, and political and bureaucratic turf struggles were the major sources of CDBG difficulties each year. Operational capacity and cost problems were important, but less prevalent, areas of difficulty. As jurisdictions gained experience and hired more staff, operational capacity problems became less important. However, inflation and unrealistic cost estimates in the planning stage made cost a leading and persistent problem as the program proceeded.

Housing and general improvements were the program areas where implementation problems were most frequently reported. Difficulties with housing activities were no surprise because this was a new activity in many jurisdictions and required extensive cooperation from and coordination among the many actors involved, public and private. General improvements, many of which were a traditional function of local government, were not expected to be a problem. However, because they were often immersed in the traditional procedures of local line departments, it took some time to adopt the local way of doing business to accommodate Federal policy requirements.

While there was a wide range of problems affecting all of the sample jurisdictions to some extent, about a fourth of the jurisdictions had no major implementation problems during the first 5 years of the program. All jurisdictions were successful in implementing parts of their programs.

Expenditure rates were found to be useful as rough indicators of program progress. However, the more important finding was that jurisdictions often had poor information systems which made the collection of data on a program basis impossible. In other jurisdictions where such data did exist, different accounting procedures or drawdown routines made data noncomparable.

One of the broad effects we found was the development over the first 6 years of a greater capacity to plan, execute, and manage community development. The impact appeared to be the greatest in communities that had not participated in HUD grant programs prior to CDBG. In such communities, CDBG also tended to raise the awareness of local officials of the development needs in the lower income neighborhoods.

A broad perspective of implementation and capacity-building suggests two conclusions about relationships between the implementation process and access to the decision process. One concerns communities with experience in the categorical programs; the other concerns communities without such experience.

For those communities in which urban renewal dominated the categorical experience, CDBG altered the implementation process in an important way. Urban renewal, the major program consolidated into the block grant, was seen in some communities as fragmenting local authority over major development decisions through the creation of semiautonomous agencies largely independent of locally elected officials. But urban renewal also had an important centralizing feature. There was generally a single administering agency for all aspects of the planning and implementation process, whether the agency was semiautonomous or a line department of the local general government. Generally, that agency prepared the plan, condemned and acquired the land, drew up the development contracts, let the bids, disposed of the redeveloped land, made the housing rehabilitation loans, and kept all of the financial and accounting records. Where local line agencies, such as public works departments, were a part of the implementation process, the renewal process tended to link them more closely with the renewal agency in dealing with important operational issues. It was a highly central system that strengthened the relationship between the local renewal officials and their Federal counterparts. It was this relatively closed decision system also that made it possible for Federal officials to develop over the years a huge handbook which established the standards and guidelines for all aspects of local implementation of renewal projects; it was a book through which Federal specialist officials communicated with local specialist officials.

CDBG fragmented that renewal process. The local community development office which administers the block grant is usually dependent in major ways on others to develop specific plans and carry out its program through contracting and subcontracting arrangements. Some contractors are public agencies, such as public works and parks departments, who in turn often contract the actual work to private for-profit firms. Private nonprofit organizations are also important implementation agents in some communities. In either case these agencies have long-established procedures (or in the case of some nonprofits, hardly any procedures) for doing business. These procedures and ways of establishing internal priorities and performing work may not accord with the plans and procedural needs of the community development office which is trying to comply with HUD standards. The community development office frequently has the task of getting the various agencies executing activities to modify their procedures and priorities for doing work to meet CDBG requirements. In this sense, the block grant often had a "Federalizing" procedural effect on a wide range of local bureaucracies as they adjusted their procedures to take into account a new set of Federal requirements. As the program has matured, some of the more negative effects of fragmented execution have been ameliorated. But local community development offices, which are often the "new guy in town" as far as local bureaucracies are concerned, have only limited leverage for changing the established procedures of other agencies which are not totally dependent on the block grant for resources.

Bureaucratic and procedural fragmentation has some advantages, however. As stated on several occasions in this report, CDBG is a program of small, discrete, and interchangeable parts. It may be that only a system of fragmented implementation makes it possible to remove ad hoc blockages in some part of the system and keep the program moving. Removal of such blockages is a problem of administration to be resolved through a negotiation strategy with relevant participants.

Fragmentation also implicitly means multiple access points, and a blockage for one group at one point may be compensated for by better access at another point. In this sense fragmentation loses its pejorative administrative connotation and takes on a positive political value. What then matters is whether CDBG has resulted in a redistribution of access patterns in a way that systematically and consistently advantages one group over another. This was the concern of advocates of the model cities program who saw the consolidation of that program in CDBG as biasing the decision process against lower income groups in poor neighborhoods to the advantage of higher income groups in better-off neighborhoods with better access to the general local government. The issue of access and its implications for local program choices and the distribution of benefits is at the heart of the value questions of CDBG.

Perhaps the sharpest change in Federal involvement came in those jurisdictions that had not participated in the programs consolidated into the block grant. These communities tended to be the satellite cities and urban counties. For such communities CDBG frequently meant not only an expansion of functional activities, but also creating new opportunities for access to local decisions. Part of that access was related to the development of the capacity to carry out the program under HUD policies. In developing that capacity some local officials became more sensitive to the revitalization needs in their poorer neighborhoods. We are not arguing that such sensitivity necessarily existed in the older, more distressed communities with prior experience with HUD grants; nor are we arguing that raising such sensitivity necessarily resulted in an active, effective response. We are saying that CDBG opened up potential avenues of access that had not existed before in some jurisdictions, and provided the resources for responding.

The effectiveness of that access is often viewed in terms of participation in program choices at the planning stage. We see the program design and execution stage as equally important. As discussed in the previous chapter in relation to social targeting, many decisions made after the allocation choices can be the important determinants of what is actually done, how well it is done, and how the benefits are distributed. Thus, access, influence, and choice are continuing issues in CDBG during program implementation; program implementation is not merely the execution of a series of work units described in the application.

Footnotes

1. Michael J. Rich, "Program Execution Under the Community Development Block Grant: An Exploratory Analysis," CDBG Execution: Problems and Prospects, U.S. Department of Housing and Urban Development (Washington, D.C.: U.S. Government Printing Office, 1980).

2. Paul R. Dommel and others, Targeting Community Development, U.S. Department of Housing and Urban Development (Washington, D.C.: U.S. Government Printing Office, January 1980), appendix 4.

3. Richard P. Nathan and others, Block Grants for Community Development, U.S. Department of Housing and Urban Development (Washington, D.C.: U.S. Government Printing Office, January 1977), chapter 10.

4. Ibid., pp. 390-406.

CHAPTER 6

CONCLUSION

The CDBG research at Brookings covered the first 6 years of the program, since its enactment in 1974. Over that 6-year period, nearly $20 billion was allocated to communities. Our research over that 6-year period has given us what we believe is a good picture of how the program has operated and how it has evolved since its inception.

We organize our summary conclusions with a question--What's different under CDBG?

There are two reference points for addressing this question. The first is a comparison between the CDBG program and its predecessor grants. The second is how the block grant itself changed over its first 6 years of operation. In this conclusion we also speculate on the future direction of CDBG.

The CDBG Experience

The idea behind the community development block grant was to loosen the Federal controls that were attached to the grants consolidated into CDBG. This was to apply to both the process for deciding local development priorities and the substance of program choices themselves.

Decision Process

The usual contrast model presented is that the earlier programs symbolized Federal controls while the block grant features decentralization. However, the literature suggests that Federal controls over urban renewal, the largest program consolidated into CDBG, may not have been as constraining on local choices as generally envisioned, and local discretion in model cities, a second major program folded into the block grant, may not have been as great as idealized.[1]

Regardless, we conclude that the CDBG program did bring greater local discretion and flexibility in community development choices than the predecessor programs, but over 6 years of our research that discretion has diminished. It has diminished, at least relative to the early years of CDBG, because it is not clear what a block grant really is and how decisionmaking authority under a block grant is to be distributed between the Federal and local levels. In our last report, we concluded:

> As an instrument of intergovernmental aid, the CDBG program lies between the narrowly focused, more tightly controlled categorical grant and the "no strings attached" approach of general revenue-sharing. The CDBG program does not simply occupy the midpoint between the two extremes, however. Rather, it covers a wide policy space between the categorical and revenue-sharing approaches. Theoretically it is possible for Federal and local preferences to move freely between the two, but in reality this is not likely. As the CDBG program becomes more institutionalized, as we expect, it is likely that Federal and local officials will be constrained by previous choices and policies.[2]

We stand by that conclusion--to a point. We continue to see the block grant as representing a wide policy space within which policy preferences can shift. What is not clear is where within that space--or even whether--the CDBG program has come to rest at the end of 6 years. The crucial determinant of the balance between Federal and local power and how the block grant operates is the emphasis given to the two central and conflicting objectives of CDBG--decentralization and achievement of national goals.

The origin of the block grant idea was to reduce Federal control and increase local discretion over program choices, the objective we have generally called decentralization. There were several important features of the CDBG legislation that distinguished the block grant from its predecessor programs and were intended to increase local discretion. The most important procedural changes were: scrapping discretionary funding in favor of a formula system; limiting Federal review of applications to a 75-day period and establishing a veto-only Federal review procedure, although it was possible for HUD to reject individual activities without rejecting the entire application; eliminating virtually all Federal requirements for the structure of the local decision process; and establishing a local certification process to assure local conformity with a variety of compliance requirements that cut across a wide range of Federal grant programs--requirements such as nondiscrimination, Davis-Bacon wage standards, environmental reviews, etc.

Substantively, local discretion was given greater scope by: establishing a set of Federal objectives that were sufficiently broad as to permit considerable room for local as well as Federal interpretation; eliminating the explicit target-area approach of model cities and urban renewal, thus making the program potentially communitywide; and creating a long list of eligible activities to meet physical, economic development, and supporting public and social service needs.

In expanding procedural and substantive discretion for local decisionmakers, the CDBG legislation also included several substantive national objectives to guide explicitly local decisions. But what the law did not state, could not state, and probably left deliberately ambiguous was how to balance the goals of decentralization and achievement of the national objectives. There was no agreement on that balance within the Congress or between the Congress and the Nixon and Ford Administrations. Where the balance is struck at any given time is largely a matter of the policy preference of those administering the program with some nudging--in divergent directions--by Congress and outside groups. We saw the policy preference shift from a "hands-off" policy emphasizing decentralization during the first 2 years under the Ford Administration to a "hands-on" policy emphasizing national objectives during the 4 years of the Carter Administration.

The trend over the first 6 years toward increased Federal involvement in the program is in part the result of the aging of the program itself, and it was likely that even a hands-off policy would have brought Federal officials increasingly into local administration and implementation of the program. No administration was likely to remain indifferent to the views of congressional committees with jurisdiction over the program, organizations of public officials, citizen groups with strong interests in the national goals, and opinions of the courts.

But the emergence of the hands-on policy was more than just an incremental progression of involvement in a maturing program and an adjustment to external promptings. It resulted from an explicit decision by top HUD officials in early 1977, just after the Carter Administration took office, to aggressively pursue the stated national objectives of the program, particularly the provisions that the benefits of the program should go primarily to low- and moderate-income groups (social targeting) and that there should be more concentration of CDBG spending to achieve a greater development impact (geographic targeting). The decision meant that HUD would become more deeply involved in the substance of local programs.

As HUD was pushing its targeting policies, the agency began to be pushed by Congress and its audit agency, the General Accounting Office, on the progress of the program. The issue shifted the question of "What are you doing?" to "How are you doing?" HUD began to push for more rapid expenditure of local CDBG funds and in the process became involved in many facets of program implementation and local administrative organization. At the local level there was some short-term shifting to activities on which the money could be spent faster. There were also some local procedural changes, some of which were cosmetic to look good and others which made sense in better relating the stages of funding with the stages of actual development.

Thus by the sixth year HUD had become involved in all aspects of decisionmaking from the application through the implementation stages. In some communities, and we stress the word "some," the combination of the targeting and expenditure policies diminished the degree of local discretion. But in most communities, the local response was more of a marginal adjustment to the Federal policies than any significant departure from local priorities or the local way of doing business. As discussed in chapter 4, local CDBG programs are frequently made up of many small, discrete, and interchangeable activities. The choice of activities and their implementation are influenced by many decisions, large and small, made throughout the decisionmaking process from application through execution. It was the multiplicity and mobility of the parts and the complexity of the multistage development process that probably provided the real safeguard for local discretion, even in the face of increasing HUD involvement in the local programs.

The greatest change in Federal involvement, at least the potential for involvement, in local decisionmaking came in those jurisdictions that had not participated in the programs consolidated into CDBG, and whose greatest involvement with Federal grants probably came through the general revenue-sharing program enacted only 2 years before CDBG. What the CDBG program brought to such communities was not only new money but also Federal compliance requirements that went beyond those introduced by general revenue sharing where the compliance emphasis was on antidiscrimination laws. Generally, the easiest way to avoid the compliance pitfalls of general revenue sharing was to put the money into operating funds such as police and fire salaries or into one-shot capital expenditures such as fire trucks. CDBG brought with it a much wider range of explicit Federal requirements from antidiscrimination and affirmative action to laws governing wage standards and elimination of barriers for the handicapped. Given the physical development orientation of CDBG, these compliance areas could not be readily sidestepped. In such communities CDBG meant a new access point permitting Federal involvement in a broad range of decisions normally dealt with primarily under State and local rules of the game. This did not mean necessarily that in such communities HUD used CDBG as a vehicle for major new involvement in a broad range of local decisions; we mean only that in such communities CDBG had the potential for serving as a significant mechanism for reducing some aspects of local discretion rather than expanding it.

The Substance of Decisions

The block grant brought more adaptation than innovation to community development. The most evident similarity between CDBG and its predecessor programs was the considerable continuity in development approaches. CDBG deemphasized the social service approach of many local model cities programs, but neighborhood revitalization, the dominant local strategy of CDBG, is similar to the development approach that evolved under urban renewal and the neighborhood development program (NDP) in the middle and late 1960's. CDBG's neighborhood strategy area (NSA) approach, which became a HUD policy emphasis in the fifth and sixth years, calls for the concentration of spending in a small area to achieve a visible near-term impact. This made the similarity between CDBG and its predecessor programs even greater, although CDBG continues to permit greater geographic spreading than was possible under the previous programs.

The tendency to borrow from the earlier experience with Federal programs extended to the centerpiece of most revitalization strategies, housing rehabilitation. The local housing rehabilitation programs established under CDBG borrowed heavily from both past and still-existing Federal models.[3] These included grants, loans, loan guarantees, and interest subsidies, used singly or in varying combinations. But the assorted housing rehabilitation programs that sprang up under CDBG also make evident an important feature of the block grant that most distinguishes it from its predecessor programs--flexibility. Communities have freely adapted the Federal models to meet local demands and conditions.

Within that context of continuity, a major change frequently was the geographic expansion of development activities beyond the delineated target areas of urban renewal and model cities. Some lower income neighborhoods that had been left out of the predecessor programs began to receive CDBG-funded development, although the spreading also sometimes included well-off areas of a community. The geographic spreading that occurred under CDBG was a response to both local political demands and the objective need to help needy residential areas that had not benefited from the model cities, urban renewal, and NDP programs.

It was largely in response to the early pattern of spreading benefits across a larger geographic area and among a broader range of income groups that HUD chose in 1977 to press for more targeting. In the more distressed cities the new HUD involvement had little impact; the range and severity of their problems was such that most of what they wanted to do could be fitted into HUD's targeting policies. In some communities however, what it meant was HUD's imposing a development strategy on local program choices; a frequent result was for a community to continue the same kinds of activities (such as streets, sidewalks, and other public improvements) but to change the location of the activities to its needier areas. This in turn resulted in raising the level of CDBG benefits going to lower income groups. We found a significant increase in lower income benefits in well-off jurisdictions in the third and fourth years of the CDBG program as a result of HUD policy, although there was a slight dropoff again in the fifth and sixth years. Nevertheless, the overall impact of the HUD pressure on social targeting appeared to raise the level of such benefits.

Viewing the substantive impact of CDBG from another perspective, the program became a vehicle for expanding local government involvement in developing and implementing a local housing policy. Historically, local housing policy, to the extent that it can be called a policy, operated primarily through zoning, subdivision, and building codes applied to private sector development. The dominance of the private sector in the local housing market is also illustrated by the fact that some of the major housing subsidy programs funded by the Federal Government operated through the private sector (profit and nonprofit), including programs such as rent subsidies, the 235 and 236 interest subsidy programs, and direct loans for the elderly and handicapped. Local public sector involvement in subsidized programs most frequently operated through a semiautonomous housing or redevelopment authority, using programs such as conventional public housing and urban renewal. Usually, but not in all cases, the general local government had only limited involvement in the Federal (and State) subsidized housing programs.

CDBG brought some important changes in that pattern. In consolidating urban renewal into the block grant, many renewal authorities either were eliminated or reduced in power. Where urban renewal agencies were organized as semiautonomous authorities, their authority shifted to the general purpose local government. Substantively, many general purpose local governments used the block grant to play a greater direct role in housing decisions and programs. The most evident form of that expanded role was the housing rehabilitation emphasis of many neighborhood revitalization programs. Officials (elected and nonelected) of general local government, through the agency administering the block grant, were involved in selecting the areas where the housing programs operated, the basic rehabilitation strategy (deep subsidies to lower income areas or assistance across a wider range of income groups to promote neighborhood stabilization), and the design of the program itself (grants, loans, guarantees, etc.).

This involvement of the general local government was also enlarged by the requirement of the CDBG law for a housing assistance plan (HAP) assessing local housing needs to accompany the local application for a block grant. Communities participating in some of the predecessor urban grant programs had been involved in such assessments as a prerequisite for receiving grants, but the plans were more narrowly focused than the HAP requirement. Without addressing the quality of the HAP's or their potential for achievement, in some communities the HAP was a device to assemble widely scattered data and officials from various agencies to put together a plan. In this respect, the HAP sometimes was a vehicle, however underpowered, for a more centralized view of local housing policy.

The block grant process also required most recipient communities to create or strengthen their capacity to plan execute, and manage the CDBG program. Even communities with considerable experience with the categorical programs found themselves without some of the expertise required to carry out the diverse activities of the program. However, the impact was probably greatest in communities without prior program experience. For many of these communities, particularly urban counties, the block grant meant a general expansion both in their functional responsibilities and in their administrative capacity. In many of those jurisdictions that had not participated in the previous HUD grants, CDBG also raised the level of sensitivity of local officials toward the development needs of their lower income neigborhoods; that sensitivity was heightened by HUD pressure on targeting from the time of the third program year. As one associate stated, "The block grant brought a new vocabulary to local decisions. Terms like ´targeting´ ´housing assistance,´ and ´exclusionary zoning´ had not been used before."

Change in Policy Direction

The CDBG program may undergo important changes over the next few years. President Reagan has made it clear that his administration will seek to decentralize and deregulate many areas of Federal policy. That general policy was extended to the CDBG program in 1981 when Congress, through the budget reconciliation process, substantially adopted the administration´s proposal to amend the CDBG legislation to reduce and simplify procedural requirements, particularly those related to the application process and citizen participation. The most significant change was elimination of local applications for annual funds, thus also eliminating HUD´s 75-day review procedure and its primary means of "controlling" local programs. No changes were made in the national objectives provisions. The most important change in eligible activities makes possible more spending on services in some communities, but the amount of such spending would be limited to 10 percent of a community´s grant.

Without waiting for the legislative changes, HUD, under Secretary Samuel R. Pierce, Jr., took some early administrative steps to reduce the level of HUD scrutiny into local applications. On May 15, 1981, HUD issued a notice to its Washington and field staffs to drop some of the procedures governing the review of local applications. Review of compliance with the benefits provisions of the law was no longer to be based on percentage standards but on a more general review to detect any obvious failure to comply with the social targeting objective of the law. New guidelines on NSA´s appeared to open the way for communities to spend more on public services outside of NSA´s, if they chose to do so; the previous regulations and guidelines were intended to limit services primarily to designated NSA´s. The new guidelines also sought to cut back on the number of conditions attached by HUD officials to approval of local grant applications such as a condition on expenditure rates to be achieved by a community or face the loss of funds.

For most communities the new guidelines were applicable to the seventh year of the program. However, they were unlikely to affect the substance of the seventh-year programs since most had already cleared the local decisionmaking process. The early administrative changes, however, served the symbolic purpose of letting both HUD and local officials know that the rules of the game were again changing, this time back toward the hands-off policy that characterized the early years of CDBG. Thus HUD officials of the new administration learned what their predecessors had learned 4 years earlier--the legislative language of CDBG is sufficiently broad to allow a new set of policy preferences to be adopted without any change in the law itself. If there were to be major changes in local programs, this could appear in the eighth program year when the legislative changes would be in effect, most notably the elimination of the requirement for a local application as a condition for receiving funds. The application was replaced by submission of a statement of local allocation plans which would not be subject to a HUD veto.

The reaction to the administrative and legislative changes is likely to be mixed. The greatest opposition to a reduced Federal role can be expected from citizen groups and those in Congress who have pressed for a greater HUD involvement in local programs to boost the benefits for lower income groups. Among local officials the sentiment is likely to run predominantly in favor of a lower HUD profile, although some have relied at times on HUD constraints to withstand local pressures for certain kinds of activities. This has occurred primarily in the area of social services, with local officials in some communities using the HUD limits on such spending as an argument to reduce allocations. Sometimes local development officials have also used HUD pressure for more geographic targeting to argue against the tendency of local legislative bodies and citizen groups to spread the benefits as widely as possible.

The central question to be asked about any return to a hands-off policy is: Will the local effects be primarily administrative, substantive, or both? Local officials were becoming increasingly nettled by the additional administrative tasks growing out of HUD's approach to pursuing the national objectives. There was generally less concern about the substantive effects since in many communities the basic priorities remained unchanged. This returns us to one of the themes of this report--institutionalization of the local process and continuity of local priorities. Where this has occurred, and that seems to be the dominant pattern, the substance of local programs may undergo little change. Where this pattern has not evolved, then any added local discretion brought about by new rules of the game may mean substantial changes in both the local decisionmaking process and the choice of priorities.

But there is another important factor which needs to be considered and which could significantly affect local programs: There is likely to be less money for CDBG in the future. The extension of CDBG in 1977 provided for a nominal growth in CDBG dollars, over the 3-year period of the extension. The 1980 legislation extending CDBG for an additional 3 years, until 1983, provided for an average annual increase of 4 percent. Because of inflation, however, there has been a continual loss in real dollars. Now the nominal dollars are likely to go down also as part of the general reduction in many Federal intergovernmental aid programs. The fiscal 1983 budget request is for $3.5 billion, about $600 million below the amount authorized in the 1980 legislation extending the program for 3 years. Prior to fiscal 1982, CDBG had generally been funded at the full amount authorized. Further, more State governments are following the Federal lead in cutting spending. Such cutbacks began in some States a few years ago with the so-called "taxpayers revolt" and the adoption of taxing and spending limits. Fiscal retrenchment has now gained general acceptance at all levels of government, by officials as well as taxpayers. At the local level this may have an impact both on the substance of local programs and on the politics of decisionmaking.

Dividing the pie is politically contentious when the pie is growing. It will be more so with a shrinking pie as local bureaucracies, nonprofit organizations, and citizen groups compete for fewer dollars. The more fiscally distressed a city, the greater the competition and contentiousness are likely to be. The local resource base probably cannot be tapped to make up lost funds. For local officials generally the outlook is for operating in a more hostile bargaining arena without the benefit of being able to transfer some of the political costs by arguing, "The feds made me do it." A political escape tunnel may exist in the nature of CDBG. As stated before, it is a program of small, discrete, and interchangeable activities. It is possible to trade off these parts to reduce the political costs that come with allocating losses. A smaller number of houses can be rehabilitated in a given year or fewer streets can be resurfaced; the next year some more juggling can be done among individual activities and neighborhoods.

But while the nature of CDBG may allow a political escape tunnel, this may mean diluting the development impact of CDBG unless the target areas can be reduced to match the shrinking resources. Since many of the neighborhoods brought into CDBG were low- and moderate-income areas left out of the predecessor grants, any geographic shrinkage may cut off some lower income areas from program benefits. This in turn could affect the share of program benefits going to low- and moderate-income groups.

The potential impact of shrinking resources on the distribution of benefits can also be viewed more broadly in terms of the distributive and redistributive objectives of CDBG. Since 1977, emphasis has been given to the redistributive objective through the efforts of HUD to increase the level of benefits to lower income groups. But the objectives of the law concerning the prevention or elimination of slums and blight and meeting needs of a particular urgency allow local officials to pursue development priorities that may have more distributive purposes. Thus the competition for funds could be translated into conflict between those seeking redistributive allocations and those advocating more distributive choices.

Further CDBG is not alone in facing declining resources; many other intergovernmental programs are also being eliminated or reduced. Thus, the competition for funds involves not only competition within the CDBG decisionmaking arena, but also between CDBG constituents and constituents of other aid programs. For example, a reduction of funds for social services under title XX of the Social Security Act might mean more pressure on CDBG for funding such services. With the increased flexibility on social services indicated by the recent changes noted above, local officials may come under increased pressure for more services despite any desire they may have to cut or eliminate such spending. With additional discretion, they may not be able to hide behind the HUD constraints that operated in the past. But the opposite could also occur. Demands for physical development projects and the decline in available money could force greater reductions in social services funded with CDBG. The point here is not to project likely substantive outcomes--beyond the obvious fact that communities are likely to be able to do less or take longer doing it--but to make the point that there are likely to be added pressures on local political systems.

Footnotes

1. Paul R. Dommel and others, Decentralizing Urban Policy (Washington, D.C.: The Brookings Institution, 1982), Chapter 2.

2. Paul R. Dommel and others, Targeting Community Development, U.S. Department of Housing and Urban Development (Washington, D.C.: U.S. Government Printing Office, January 1980), pp. 211-12.

3. Ibid., appendix 4.

APPENDIXES

APPENDIX 1

Fourth-Round Analysis Form
Study of the Community Development
Block Grant Program

Fourth Field Research Report

Due: September 1, 1980

FIELD ANALYSIS FORM

STUDY OF THE COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

The Brookings Institution
Washington, D.C.

Jurisdiction ______________________________

Associate ______________________________

Please make 2 copies of this report.

Send one copy to: Paul R. Dommel
The Brookings Institution
1775 Massachusetts Avenue, N.W.
Washington, D.C. 20036

Retain the other copy for yourself.

NOTE: Wherever necessary, insert continuation sheets.

Jurisdiction ____________________

Associate ______________________

Persons interviewed for Fourth Field Research Report for the Brookings study of the Community Development Block Grant program.

Name	Title and Organization

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I. INTERGOVERNMENTAL RELATIONS

Tables 1-5. Intergovernmental Issues Analysis

To continue our analysis of intergovernmental issues, we need very specific information on HUD-local issues that arose during the fifth and sixth program years. Tables 1-5 are provided for this purpose.

The tables correspond to the five basic types of intergovernmental issues identified in the third-round CDBG report. Referring to the definitions on page 4 and the subheadings on the tables, choose the category that is most appropriate for each issue that arose in your jurisdiction and describe the issue briefly on the corresponding table.

In addition to a concise description of each issue, the tables call for the following information and assessments:

- The outcome of the issue. Did HUD's or the local jurisdiction's view prevail? Or was the outcome a compromise or was the issue unresolved at the time of the report?
- The initiating party.
- The program year and stage (e.g., application, implementation) in which the issue arose.

Categories of Intergovernmental Issues

Strategy issues (table 1) involve the overall allocation of a jurisdiction's CDBG program and the distribution of benefits among income groups and areas. The HUD office might contend that a jurisdiction has spent too much money on one type of activity (e.g., social services) or has neglected a certain program area (e.g., housing). Another strategy issue frequently raised by HUD concerns the targeting of funds to low- and moderate-income groups as opposed to spending on communitywide activities, and the targeting of specific geographic areas as opposed to the spreading of benefits.

Programmatic issues (table 2) concern the definition and eligibility of specific CD projects. For example, in Philadelphia HUD ruled that the city's mortgage and loan guarantee program could not use CDBG funds for new housing loans, though loans for housing rehabilitation were permissible. The principal difference between a programmatic issue and a strategy issue is that a programmatic issue involves a specific aspect of one CD project whereas a strategy issue encompasses a broad theme (e.g., target area vs. communitywide) and addresses a number of CD activities (e.g., housing, social services) or the jurisdiction's entire CD plan.

Compliance issues (table 3) concern procedures and implementation rather than program content. These issues generally center on the jurisdiction's fulfillment of the assurances it must file with its CDBG application. Four types of compliance issue predominated in the first four years: equal opportunity, citizen participation, environmental impact, and Davis-Bacon.

Administrative and technical issues (table 4) concern the manner in which the program is administered at the local level, covering such topics as financial record-keeping systems, staffing, and the planning process. Technical issues generally focus on errors of calculation.

Expenditure rate (table 5) concerns the rate at which local jurisdictions have spent their CDBG funds.

Table 1. Intergovernmental Relations: STRATEGY ISSUES Jurisdiction ________

(If more than one issue arose within a subcategory, list each separately.) Associate ________

Brief description of issue	Who initiated? 1) HUD 2) Local jur. 3) 3d party (specify type)	Program year 5 or 6	Stage of Process 1) Application 2) Implementation	Outcome 1) HUD wins 2) Local jur. wins 3) Compromise 4) Unresolved
Social targeting (specify if housing or non-housing)				
Geographic targeting (specify if housing or non-housing)				

Table 1. **Intergovernmental Relations: STRATEGY ISSUES (continued)** **Jurisdiction** ____________________

(If more than one issue arose within a subcategory, list each separately.) **Associate** ____________________

Brief description of issue	**Who initiated?** 1) HUD 2) Local jur. 3) 3d party (specify type)	**Program year** 5 or 6	**Stage of process** 1) Application 2) Implementation	**Outcome** 1) HUD wins 2) Local jur. wins 3) Compromise 4) Unresolved
Other strategy (specify if housing or non-housing)				

Table 2. Intergovernmental Relations: PROGRAMMATIC ISSUES Jurisdiction ____________

(If more than one issue arose within a subcategory, list each separately.) Associate ____________

Brief description of issue	**Who initiated?** 1) HUD 2) Local jur. 3) 3d party (specify type)	**Program year** 5 or 6	**Stage of process** 1) Application 2) Implementation	**Outcome** 1) HUD wins 2) Local jur. wins 3) Compromise 4) Unresolved
Housing programs				
Physical development				

Table 2. Intergovernmental Relations: PROGRAMMATIC ISSUES (continued) Jurisdiction ____________

(If more than one issue arose within a subcategory, list each separately.) Associate ____________

Brief description of issue	**Who initiated?** 1) HUD 2) Local jur. 3) 3d party (specify type)	**Program year** 5 or 6	**Stage of process** 1) Application 2) Implementation	**Outcome** 1) HUD wins 2) Local jur. wins 3) Compromise 4) Unresolved
Public/social service programs				
Other programs				

Table 3. Intergovernmental Relations: COMPLIANCE ISSUES
(If more than one issue arose within a subcategory, list each separately.)

Jurisdiction ________________

Associate ________________

Brief description of issue	**Who initiated?** 1) HUD 2) Local jur. 3) 3d party (specify type)	**Program year** 5 or 6	**Stage of process** 1) Application 2) Implementation	**Outcome** 1) HUD wins 2) Local jur. wins 3) Compromise 4) Unresolved
Equal opportunity				
Environmental review				
Citizen participation				

Table 3. Intergovernmental Relations: COMPLIANCE ISSUES (continued)

Jurisdiction ______________________

(If more than one issue arose within a subcategory, list each separately.)

Associate ______________________

Brief description of issue	Who initiated? 1) HUD 2) Local Jur. 3) 3d party (specify type)	Program year 5 or 6	Stage of process 1) Application 2) Implementation	Outcome 1) HUD wins 2) Local Jur. wins 3) Compromise 4) Unresolved
Davis-Bacon				
Other				

Table 4. Intergovernmental Relations: ADMINISTRATIVE & TECHNICAL ISSUES Jurisdiction ____________

(If more than one issue arose within a subcategory, list each separately.) Associate ____________

Brief description of issue	Who initiated? 1) HUD 2) Local jur. 3) 3d party (specify type)	Program year 5 or 6	Stage of process 1) Application 2) Implementation	Outcome 1) HUD wins 2) Local jur. wins 3) Compromise 4) Unresolved
Administrative issues (e.g., financial record keeping, contracting, and letter-of-credit procedures, etc.) Please specify the kind or kinds.				
Technical issues (errors in calculations,etc.)				

Table 5. Intergovernmental Relations: RATE OF EXPENDITURE ISSUES Jurisdiction ____________

(If more than one issue arose within a subcategory, list each separately.) Associate ____________

Brief description of issue	Who initiated? 1) HUD 2) local jur. 3) 3d party (specify type)	Program year 5 or 6	Stage of process 1) application 2) implementation	Outcome 1) HUD wins 2) local jur. wins 3) compromise 4) unresolved
Rate of expenditure in overall CDBG program				
Rate of expenditure in a particular CDBG activity				

Jurisdiction ____________________

Associate ____________________

1. **Discussion of Major Intergovernmental Issues**

1(a) In tables 1-5 you briefly described the specific intergovernmental issues that arose in this jurisdiction. Now we would like you to discuss the major issues and their outcomes in more detail. By major issues we mean those that created the most controversy, no matter what category they are in. Your discussion here will be the principal source of information for fleshing out the quantitative analysis and for writing the report capsules, so please make it as complete as possible. (If you answer this question, 1(b) does not apply.)

Jurisdiction ____________________

Associate ____________________

Discussion of Major Intergovernmental Issues (continued)

1(b) If there were no major issues between HUD and the local jurisdiction, lack of controversy or conflict between local officials and HUD may be accounted for in several ways:

(A) "Eye-to-Eye": HUD and key local actors tended to see "eye-to-eye" on most aspects of the program; for whatever reason, the perceptions of HUD and local actors tended to coincide.

(B) Deference to HUD: Local decisionmakers planned and implemented CDBG programs by and large in accord with what they knew or assumed HUD expected or would accept. Also, they may be receiving a UDAG grant and thus be reluctant to contest block grant issues.

(C) Deference to Locals: HUD by and large viewed its role as supporter of local priorities, decisions, procedures, etc., and restrained itself from imposing external constraints on the local program.

Please indicate whether you believe A, B, or C accounts for the relatively low degree of controversy or conflict between HUD and this jurisdiction. If an alternative assessment would be more appropriate, please describe in detail. (If you answer this question, 1(a) does not apply.)

Jurisdiction ____________________

Associate ____________________

2. HUD Influence on Program Content

Here we would like you to assess HUD's influence on the content of the local CDBG program for specific program years, i.e., on the distribution of block grant funds among the various program areas. HUD influence on program content often is felt during the application process but may come at any stage. For example, HUD's performance monitoring report may influence the content of the next year's program. The question focuses on relations with the HUD area office, but if the regional or central office is involved, please specify.

This response should include both direct and indirect HUD influence as discussed in the third CDBG report.

2(a) Level of influence on program content	Year five (check)	Year six
Local program determined by HUD	________	________
Major HUD influence	________	________
Minor HUD influence	________	________
No HUD influence	________	________

2(b) Discuss in detail your reasons for the assessments in 2(a) above. Give particular attention to the major strategy or program elements affected by HUD involvement.

Jurisdiction ____________________

Associate ____________________

3. Changes in HUD's Role

This question focuses on the overall role of HUD (the area office) in the CDBG program and on changes over time. In assessing HUD's role, consider not only influence on program content but also the general character of relations between HUD and this jurisdiction, HUD influence on the Housing Assistance Plan, and HUD's role in enforcing regulations (e.g., equal opportunity, environmental review, etc.). If the regional or central office is involved, please specify.

3(a) Change in HUD's role	From year four to year five	From year five to year six
Increased	________	________
Stayed the same	________	________
Decreased	________	________

3(b) Please give your analysis of the reasons for and results of the changes indicated in 3(a) above.

Jurisdiction ____________________

Associate ____________________

4. A-95 Review Process

OMB Circular A-95 provides for the designation of state and areawide clearinghouses to review and comment on applications for certain federal grant funds. These comments should deal with the relationship between the proposed activity for which funding is sought and related state, regional, or areawide plans or activities. As part of the review and comment process, clearinghouses are expected to solicit, from state or local environmental and civil rights agencies, comments about the proposed activity's environmental impact and its conformity to existing civil rights laws and regulations. Section 104(e) of the Housing and Community Development Act provides that "no grants may be made under this title unless the application is submitted for review and comment to an areawide agency."

4(a) Has there been any change in the impact of the state and areawide A-95 clearinghouses during year five or six compared with the third and fourth years? If so, assess the significance of the change and indicate what in your judgment accounted for it.

PART II. THE LOCAL DECISIONMAKING PROCESS

A major objective of our research is to identify the participants in CDBG decisionmaking at the local level and to observe and analyze shifts in the relative influence of these participants over time. We want to find out whether the block grant format tends to produce closed decision systems restricted to federal and local officials or whether the decisionmaking process is instead more open to a greater number and variety of participants under CDBG than it was under the categorical grants. A second focal point of the decision process analysis is institutionalization. Has the decision process remained fairly constant over the first six program years, despite changes in local political factors such as elections, and the resultant changes in personnel? To address these issues, we ask you to assess the relative influence of all the various participants in the CDBG decision process in your jurisdiction, using the "influence points," a measure developed in the second and third reports (see chapter 4). Then, we ask for your descriptive analysis of the roles played by the various participants.

EXPLANATION OF INFLUENCE POINTS

The influence points are a means of attaching a numerical value to your overall assessment of the relative influence of various participants in the decision process within your jurisdiction. The points do not measure the relative influence of a given category of participants in different jurisdictions. The influence points approach is being applied to the local system as a whole and separately to executive and citizen participants.

The hypothetical case below illustrates for the system as a whole how a total of ten influence points might be distributed to correspond to a specific situation.

Description of Hypothetical Case:

In this jurisdiction the city manager made all major CDBG program decisions. The technical work involved in drafting the application was done, under his supervision, by the assistant city manager and the city planner. The city council did not formally participate in the development of the CDBG program, though some council members independently contacted the city manager's office to express interest in specific projects. Specific requests were also made by two citizen groups, who urged the funding of small-scale rehabilitation projects in their neighborhoods. After the completed CDBG application was submitted to HUD, the agency advised the city that several projects would be ruled ineligible. Under the city manager's supervision, these projects were revised or replaced to meet HUD's approval.

Allocation of Influence Points:

Executive	5
Legislature	1
Citizens	1
HUD	3
	10

Jurisdiction ______________________

Associate ______________________

5. **Influence on CDBG Decisionmaking--ALL ACTORS**

5(a) Complete the following table distributing a total of ten influence points among the various participants in the CDBG decision process for years five and six. Keep in mind that the basis of the point assignment is influence on the content of the program as approved by HUD in the original application. The year four figures are those provided by you in your previous report.

Participant	Year four	Year five	Year six
Executive	____	____	____
Legislature	____	____	____
Citizens	____	____	____
HUD	____	____	____
Other(specify) ____________	____	____	____
Total	10	10	10

(COLUMNS MUST TOTAL 10 POINTS)

5(b) Did any of the participants mentioned above form a coalition? If so, what was the effect of the coalition(s) on CDBG decision-making?

Jurisdiction ____________________

Associate ______________________

Influence Points (continued)

5(c) **Discuss in detail the basis for the changes in your distribution of influence points among the different participants from year four to year five and from year five to year six.**

Jurisdiction ____________________

Associate ____________________

In answering questions 6-8, elaborate on the degree of institutionalization whenever possible, and distinguish between events of the fifth and sixth program years where this is significant. The year four figures are those provided by you in your previous report.

6. Influence on CDBG Decisionmaking--EXECUTIVE ACTORS ONLY

6(a) Distribute a total of 10 influence points among the following types of executive actors in relation to their relative influence over the content of the CDBG program, as approved by HUD in the original application. The year four figures are those provided by you in your previous report.

Executive Actors	Year Four	Year Five	Year Six
Chief executive (check __ mayor; __ manager; __ county supervisor; __ other (specify) ________.)	________	________	________
Staff officials	________	________	________
Line agencies/departments	________	________	________
Other (specify ____________;) (e.g., specialist authorities associated with categoricals)	________	________	________
Total	10	10	10

(COLUMNS MUST TOTAL 10 POINTS.)

6(b) Does the distribution of influence points among the different executive actors represent a continuity with the first four years of CDBG decisionmaking or a change from earlier patterns? Please describe the roles of the executive actors, distinguishing the chief executive from his/her immediate staff and line departments, noting especially how these roles have evolved and the factors that seem to account for them.

Jurisdiction ____________________

Associate ____________________

Executive Influence (continued)

6(c) **In the third report, we noted that the local CDBG decision process was becoming institutionalized as CDBG was incorporated into permanent administrative structures, particularly in line departments. Please discuss any major changes in staffing arrangements from year four which increased the responsibility of line agencies in preparing the CDBG application and implementing the program. Also, please discuss any interagency and interdepartmental entities or arrangements that emerged as part of the CDBG process. In your discussion, assess the extent to which CDBG has become a routinized, permanent aspect of local administration.**

6(d) **What was the role of urban renewal and model cities agencies? In cases where such agencies continued to exist in the fourth program year, have they been abolished or reorganized since then? If so, when and how? To what extent do specialist officials continue to influence program decisions? Are those specialists with continuing influence now more accountable to the generalist officials or do they continue to operate with considerable autonomy?**

Jurisdiction ____________________

Associate ______________________

7. Influence on CDBG Decisionmaking--LEGISLATIVE ACTORS ONLY

7(a) Describe the role of the legislature in local CDBG decisionmaking and its influence on program content relative to other participants (i.e., HUD, executive participants, citizen participants). Did this role change during year five or six? If so, please describe the change and the factors that seem to account for it.

Jurisdiction ________________

Associate ________________

8. **Influence on CDBG Decisionmaking--CITIZEN ACTORS ONLY**

8(a) Distribute a total of ten influence points among the following types of citizen participants in relation to their relative influence over the content of the CDBG program as approved by HUD in the original application. Because we have altered the categories, we are unable to provide you complete data for year four.

	Year five	Year six
Citizen advisory committee (formal citizen participation mechanism)	______	______
Neighborhood-based groups	______	______
Special/public interest groups (e.g., Chamber of Commerce, NAACP, League of Women Voters, taxpayers associations, etc.) SPECIFY________________	______	______
Other (individuals)	______	______
Total	10	10

(COLUMNS MUST TOTAL 10 POINTS)

8(b) Is there a formal citizen participation structure (e.g., advisory committee) in your jurisdiction? If so in what program year was it formed, and what role does it play (e.g., drafting the application, commenting on the draft application, evaluating programs, etc.)? Did this role change in the fifth and sixth years?

Jurisdiction ____________________

Associate ____________________

Citizen Influence (continued)

8(c) **What other formal provisions for citizen participation exist in your jurisdiction (e.g., public meetings, mailings, etc.) and what role do they play?**

8(d) **Did neighborhood groups play an important role in CDBG decisionmaking in your jurisdiction in the fifth and sixth years? Have HUD targeting regulations increased the role of neighborhood groups? If so, how?**

Jurisdiction ____________________

Associate ____________________

Citizen Influence (continued)

8(e) The 1978 CDBG amendments required each jurisdiction to draw up a written citizen participation plan and give citizens the opportunity to comment on CDBG program performance. The plan was to go into effect on August 1, 1978. Please check below the best characterization of the effects of the new policy on citizen participation in your jurisdiction.

____ no change

____ superficial change

____ substantive change

8(f) Please explain your answer to 8(e).

8(g) In the third CDBG report, it was pointed out that an "opening up" of the local decision process seemed to be occurring, partly due to increased citizen participation. Did this trend continue in the fifth and sixth years, or did citizen participation itself become a part of the institutionalization of CDBG? Please discuss whether or not new interests were included in citizen participation, and if certain groups became "bored" with the process and dropped out.

Jurisdiction ____________________

Associate ____________________

9. How has the local decision process affected program outcomes in CDBG (e.g., program mix, targeting of benefits, etc)? Be specific in relating elements of the decision process to particular outcomes. For example, does a strong executive actor increase the targeting of benefits? Do strong citizens' groups increase the allocations for social services? (A shorthand way of thinking about this is: Does the decisionmaking process make a difference? How?)

10. How has CDBG affected the administration of local government planning and programming (e.g., increased administrative capacity, the creation of new administrative structures, planning capacity)? In other words, how would local administration be different if there had been no CDBG program?

Jurisdiction ________________

Associate ________________

FOR ASSOCIATES OF URBAN COUNTIES ONLY

11. Allocation Systems

We have noted in previous reports that urban counties used a variety of mechanisms for distributing CDBG dollars among participating municipalities. Has the allocation system in your jurisdiction changed in the fifth or sixth years. If so, what is the new allocation system and who prompted the change?

12. County Monitoring of Municipal Performances

In our third report, we indicated that HUD was moving to make urban counties more accountable for municipal program performance. Did county monitoring efforts in this jurisdiction change in years five and six? If so, describe the change.

Jurisdiction ____________________

Associate ____________________

13. County-Municipality Relations

Describe any changes in relations between the county and the municipalities participating in its CDBG program in the fifth or sixth year. Have any major controversies arisen between the county and the municipalities over a CDBG-related issue? What were the outcomes (e.g., did allocation strategies change, did municipalities drop out of the program, did some municipalities change their posture on budgeting and the HUD regulations)?

PART III. PROGRAM USES AND BENEFITS--FROM APPLICATIONS

This part of the Field Analysis Form deals with your assessments of the official data submitted by this jurisdiction in its community development block grant application for years five and six. First, we ask you to submit a photocopy of the following documents:

1. "Cost Summary" Parts A-E for the fifth and sixth program years as approved by HUD. See sample below.
2. "Project Summary" for the fifth and sixth program years as approved by HUD. Send all project summaries for each program year, including activity descriptions and maps. These documents are to be submitted according to the instructions on page 33. See sample below.

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
ANNUAL COMMUNITY DEVELOPMENT PROGRAM

COST SUMMARY

1. NAME OF APPLICANT: City of Worcester, Mass.
2. APPLICATION/GRANT NUMBER: B-79-MC-25-0026
3. PERIOD OF APPLICABILITY: FROM 7/1/79 TO 6/30/80
4. ☒ ORIGINAL *(each year)*
☐ REVISION, DATED ______
☐ AMENDMENT, DATED ______

SAMPLE

Line	PART A. SUMMARY OF PROGRAM ACTIVITY *(Important: See instructions before classifying costs.)*		AMOUNT	FOR HUD USE ONLY
1	Acquisition of Real Property		$ - 0 -	$
2	Disposition		- 0 -	
3	Public Facilities and Improvements		▨	▨
a	Senior Centers		- 0 -	
b	Parks, Playgrounds and Other Recreational Facilities		100,000	
c	Centers for the Handicapped		50,000	
d	Neighborhood Facilities		75,000	
e	Solid Waste Disposal Facilities		- 0 -	
f	Fire Protection Facilities and Equipment		- 0 -	
g	Parking Facilities		- 0 -	
h	Public Utilities, Other Than Water and Sewer Facilities		- 0 -	
i	Street Improvements		460,000	
j	Water and Sewer Facilities		- 0 -	
k	Foundations and Platforms for Air Rights Sites		- 0 -	
l	Pedestrian Malls and Walkways		- 0 -	
m	Flood and Drainage Facilities		- 0 -	
n	Specially Authorized Public Facilities and Improvements *(List)*		- 0 -	
(1)		$	▨	▨
(2)			▨	▨
(3)			▨	▨
4	Clearance Activities		50,000	
5	Public Services		462,520	
6	Interim Assistance		- 0 -	
7	~~Completion of Previously Approved Urban Renewal Projects~~		2,371,500	

120

			AMOUNT	FOR HUD USE ONLY
8	**Relocation Payments and Assistance**		$ – 0 –	$
9	**Payments for Loss of Rental Income**		– 0 –	
10	**Removal of Architectural Barriers**		– 0 –	
11	**Specially Authorized Assistance to Privately Owned Utilities**		– 0 –	
12	**Rehabilitation and Preservation Activities**			
a	**Rehabilitation of Public Residential Structures**		– 0 –	
b	**Public Housing Modernization**		– 0 –	
c	**Rehabilitation of Private Properties**		1,175,000	
d	**Code Enforcement**		109,000	
e	**Historic Preservation**		27,500	
13	**Specially Authorized Economic Development Activities**			
a	**Acquisition for Economic Development**		– 0 –	
b	**Public Facilities and Improvements for Economic Development**		– 0 –	
c	**Commercial and Industrial Facilities**		– 0 –	
14	**Special Activities By Local Development Corporations, Etc.** ***(List)***		220,000	
a	Small Business Assistance Program	$ 120,000		
b	Local Development Program	100,000		
c				
d				
15	**SUBTOTAL**		5,100,520	
16	**Planning and Urban Environmental Design** ***(See Part B of this form.)***			
a	**Development of a Comprehensive Community Development Plan**		– 0 –	
b	**Development of a Policy-Planning-Management Capacity**		– 0 –	
c	**Specially Authorized Comprehensive Planning Activities**		– 0 –	
17	**General Administration** ***(From Part C, Line 6)***		688,000	
18	**Contingencies and/or Local Option Activities** ***(Not to exceed 10% of amount shown in Part D, Line 1)***		29,480	
19	**TOTAL PROGRAM COSTS** ***(Sum of Lines 15 through 18)***		$ 5,818,000	$

SAMPLE

PART B. DESCRIPTION OF PLANNING AND URBAN ENVIRONMENTAL DESIGN COSTS

SAMPLE

☐ *Check if continued on additional page(s) and attach.*

Line	PART C. GENERAL ADMINISTRATION COSTS *(See instructions for descriptions of administration activities before classifying costs below.)*		AMOUNT	FOR HUD USE ONLY
1	General Management, Oversight and Coordination		$ 628,000	$
2	Indirect Costs *(Allowable if charged pursuant to a cost allocation plan)*			
3	Citizen Participation			
4	Environmental Studies Necessary to Comply With Environmental Regulations		60,000	
5	Other *(List)*			
a		$		
b				
c				
d				
e				
6	Total General Administration Costs *(Sum of Lines 1 through 5)*		$ 688,000	$

Line	PART D. BLOCK GRANT RESOURCES FOR PROGRAM COSTS		AMOUNT	FOR HUD USE ONLY
1	Entitlement Amount		$ 5,818,000	$
2	Less: Repayment of Urban Renewal/NDP Loans *(Attach Schedule)*	$ 100,000		
3	Grant Withheld for Repayment of HUD-Guaranteed Loan	$		
4	Grant Amount For Program Activities *(Line 1 minus sum of Lines 2 and 3)*		$ 5,718,000	$
5	Program Income		$ – 0 –	$
6.	Surplus From Urban Renewal/NDP Settlement		$ – 0 –	$
7	Loan Proceeds		$ – 0 –	$
8	Reprogrammed Unobligated Funds From Prior Program Year *(Attach Schedule)*		$ – 0 –	$
9	TOTAL BLOCK GRANT RESOURCES FOR PROGRAM COSTS *(Sum of Lines 4 thru 8)*		$ 5,718,000	$

Line	PART E. SUMMARY OF PROGRAM BENEFIT	AMOUNT	FOR HUD USE ONLY
1	Costs Subject to Program Benefit Rules	5,100,520	$ –
2	Expenditures Principally Benefitting Low- and Moderate-Income Persons	2,729,020	$
3	Line 2 as a Percent of Line 1	54 %	%
4	Other Expenditures	$ 2,371,500	$
5	Line 4 as a Percent of Line 1	46 %	%

SAMPLE

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
ANNUAL COMMUNITY DEVELOPMENT PROGRAM
PROJECT SUMMARY

1. NAME OF APPLICANT: City of Worcester

2. APPLICATION/GRANT NUMBER: B-79-MC-25-0026

3. PERIOD OF APPLICABILITY: FROM 7/1/79 TO 6/30/80

4. ☐ ORIGINAL *(each year)*
☒ REVISION, DATED 5/1/79
☐ AMENDMENT, DATED

5. NAME OF PROJECT: Belmont/Franklin Project

6. PROJECT NUMBER: 4

7. ENVIRONMENTAL REVIEW STATUS: under review

8. ENTITY WITH RESPONSIBILITY FOR CARRYING OUT THE PROJECT: Office of Planning & Community Development

9. TELEPHONE NUMBER: 617-798-8151 ext. 224

10. DESCRIPTION OF PROJECT

This project inaugurates a 3-year plan for an integrated use of housing rehabilitation, street improvements, and parks renovations in continuation of home improvement efforts from Years III & IV. Under the Worcester Housing Improvement Program financial and technical assistance will be provided to income-eligible homeowners. Street repairs and parks improvements will be coordinated in the course of the three years. Spot demolition will occur as needed to remove condemned buildings, preserve public safety, and enhance property values. All activities are funded with CDBG monies and seek to meet the needs of Belmont/Franklin as outlined in the Summary of Housing and Community Development needs.

☐ *Check if continued on additional page(s) and attach.*

11. CENSUS TRACT(S)/ENUMERATION DISTRICT(S): 7322.03, 7318, 7304.02, 7319

12. ANTICIPATED ACCOMPLISHMENTS

Worcester Housing Improvement Program - 101 housing units will be rehabilitated by 6/30/80 in continuation of Year III and IV home improvement programs, under which 290 units have been completed thus far. An additional 175 units will be rehabbed in each of the following two years. 318 houses will be inspected for code violations.

Sample

☒ *Check if continued on additional page(s) and attach.*

13. CDBG COMPONENT ACTIVITIES *(List component activities using names of activities shown in Part A, COST SUMMARY, Form HUD-7067.)*	PROGRAM YEAR FUNDS *(in thousands of $)* CDBG		OTHER	
	LOW/MOD BENEFIT	OTHER BENEFIT	AMOUNT	SOURCE
(a)	*(b)*	*(c)*	*(d)*	*(e)*
Rehabilitation of Private Properties Worcester Housing Improv. Program	$ 175.2	$	$ 328.5	Private-Loan Pool
Worcester Labor Co-op Code Inspection ②	16.425		98.55	State=Dept. Elder Affairs Fed. - CETA
Lead Poisoning Program ③ Clearance Activities	11.4			" " " "
Demolition ④ Street Improvements	12			
Neighborhood Public Works ⑤ Parks Playgrounds & Facilities	100			
Parks Improvement ⑥	37		16.75	State-Heritage Conservation
14. Totals	$352.025	$	$443.8	

15. Total Costs To Be Paid With Community Development Block Grant Funds *(Sum of Columns b and c)* $ 352.025

Worcester Labor Co-op

47-49 housing units will be provided with code violation repairs, home rehabilitation and maintenance.

Demolition

Six condemned buildings will be demolished in the interest of public safety by 6/30/80, and an additional 12 structures will be razed over the following two years.

Lead Poisoning Prevention Program

67 dwelling units will be inspected, 467 re-inspections will be performed, and 835 children will be tested for elevated lead levels by 6/30/80. The same services will be provided over the following two years.

Neighborhood Public Works

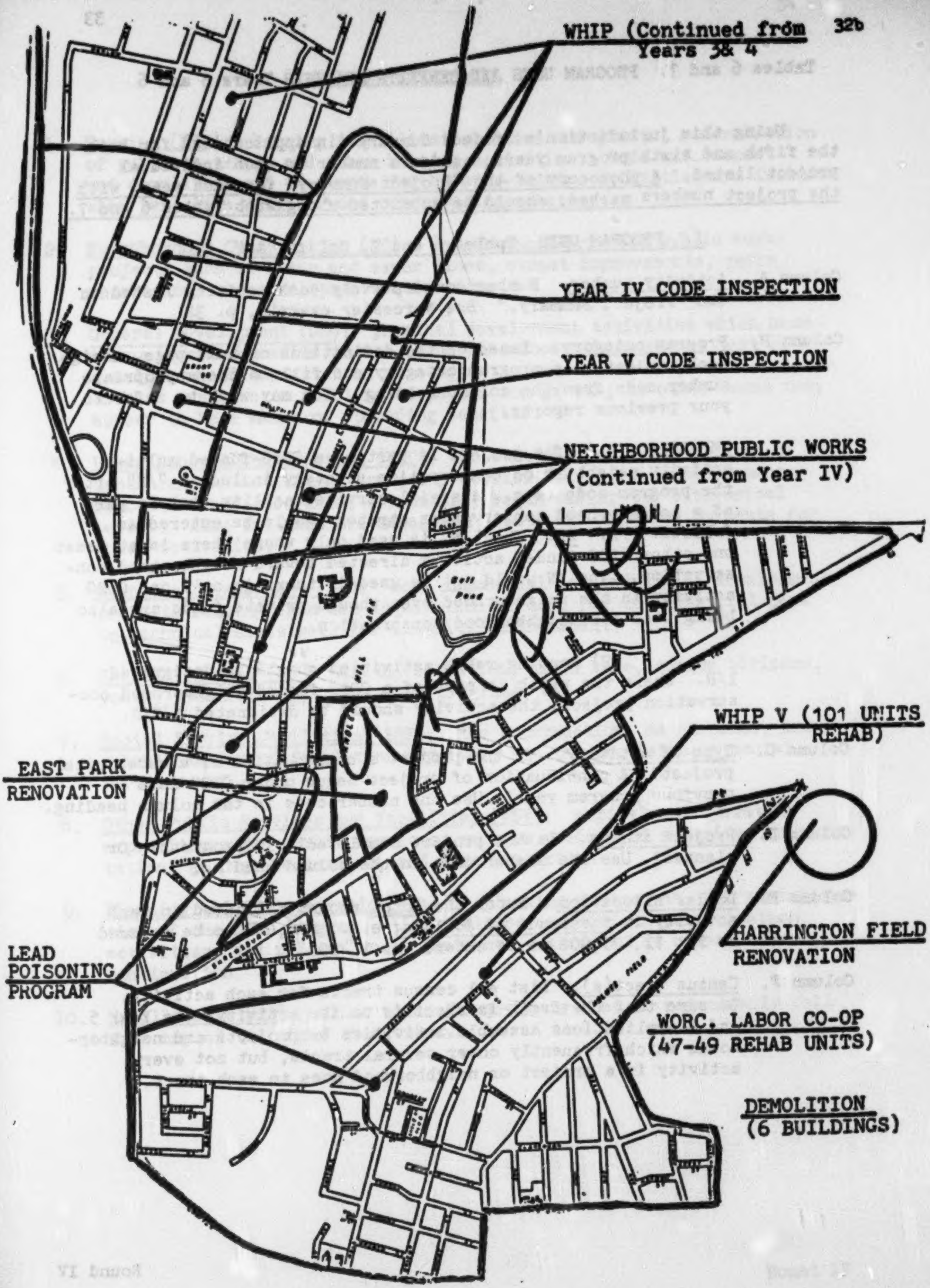
$100,000 in Year V funds will be used with $32,150 remaining in Year IV funds to begin Phase III of street reconstruction in the neighborhood, roadbed, sidewalk and sewer repairs between Belmont St. and Hermitage Lane.

Parks Improvements

Harrington Field - 1 new backstop will be installed and two others repaired at a cost of approximately $3,500.

East Park - Play equipment will be supplied and lights for the basketball court will be installed at a cost of approximately $28,000. Further renovations will be undertaken pending finalization of the City's updated parks improvement plan.

Sample


WHIP (Continued from Years 3& 4
YEAR IV CODE INSPECTION
YEAR V CODE INSPECTION
NEIGHBORHOOD PUBLIC WORKS (Continued from Year IV)
WHIP V (101 UNITS REHAB)
EAST PARK RENOVATION
HARRINGTON FIELD RENOVATION
LEAD POISONING PROGRAM
WORC. LABOR CO-OP (47-49 REHAB UNITS)
DEMOLITION (6 BUILDINGS)

Tables 6 and 7. PROGRAM USES AND BENEFITS ANALYSIS-Years 5 and 6

Using this jurisdiction's Project Summary (in application) for both the fifth and sixth program years, assign a number to each individual project listed. A photocopy of the "Project Summary" for each year, with the project numbers marked, should be submitted along with Tables 6 and 7.

I. PROGRAM USES: Tables 6 and 7, Columns A-F

Column A. Activity number. Number consecutively each activity listed on the "Project Summary." See Worcester example, p. 32.

Column B. Program category. Based on the definitions on next page, assign each project to a program category and fill in the appropriate number code from the column heading. You may wish to refer to your previous reports.

IMPORTANT: 1) if a project is part of a CDBG-funded multi-activity neighborhood conservation strategy include a "/N" after the program code (e.g., a social service facility that is part of a neighborhood conservation strategy would be entered as follows: 7/N. NB. The "/N" is used only where there is at least one other CDBG-funded activity directed toward neighborhood conservation. The /N would not be used if there is only one CDBG activity in the neighborhood even though private funds are also being used for neighborhood conservation.)

2) housing rehab activities should be designated 1/R. Where the rehab is part of a CDBG-funded neighborhood conservation project, the activity should be designated 1/N/R.

Column C. Type of activity. Is the project a continuation of a categorical project? A continuation of project begun under CDBG in a previous program year? Use the number code in the column heading.

Column D. Project status. Is the project completed? In progress? Or planned? Use the number code in the column heading.

Column E. Dollar allocation. Enter the total amount allocated to each activity in thousands of dollars, e.g., $26,000 to be entered as 26; $1,425,000 to be entered as 1,425.

Column F. Census tract(s). List all census tracts for each activity. Be sure that the tract is specific to the activity; the Year 5 and 6 applications assemble activities by projects and neighborhoods which frequently cover several tracts, but not every activity in a project or neighborhood goes to each tract.

PROGRAM CATEGORIES

1. Housing (HSE): housing rehabilitation loans and grants, modernization of public housing, and other housing activities. Code enforcement and demolition and clearance for housing-related activities are included when part of a neighborhood conservation strategy.

2. Neighborhood Conservation (NC): neighborhood-oriented public works projects such as water and sewer lines, street improvements, parks, recreation, and open space acquisition.

3. General Development (GD): physical development activities which have communitywide benefits or are in neighborhoods that are not part of a neighborhood conservation strategy. In some cases GD projects appear to be a response to problems of population growth; in other cases they appear to be a means of spreading benefits.

4. Urban Renewal Continuation (URC): the continuation or completion of urban renewal activities (property acquisition, public improvements, demolition and clearance, relocation) begun during the categorical period. Also included are management costs and interest payments for these activities.

5. Economic Development (ED): both commercial and industrial development projects ranging from the acquisition of land for an industrial park to technical assistance for minority businessmen.

6. Social Services (SS): health, education, child care, senior citizens, youth, job training, counseling programs, etc.

7. Social Service Facilities (SSF): the construction, maintenance, and rehabilitation of facilities necessary for the provision of social services

8. Other Public Services and Facilities (PSF): capital and operating expenditures for public services, such as police and security, transportation, garbage collection, and fire protection.

9. Planning and Administration (P&A): planning, management, and administration of the CDBG program. Also included are citizen participation activities, and relocation projects not classified as urban renewal continuation.

10. Nonallocable (NA): allocations for projects that do not clearly fall into any of the above categories.

Table 6. Program and Benefits Data, Year Five

Jurisdiction ______________

Associate ______________

Activity number	Program category 1) HSG 6) SS 2) NC 7) SSF 3) GD 8) PSF 4) URC 9) P&A 5) ED 10) RA	Type of activity 1) Categorical 2) CDBG cont'd 3) New CDBG	Activity status 1) Completed 2) In progress 3) Planned	Dollars ($000)	Census tracts	Type benefit 1) Jobs 2) Services 3) Housing 4) Environ. 5) Economic develop. 6) Other—specify	Accept benefits proposition? (check one)		Income group benefits Please allocate in 5-percentage-point blocks						
							Yes	No	Low	Moderate	Middle	High	Community-wide	Non-allocable	Explanation

Jurisdiction ______________

Associate ______________

Table 7. Program and Benefits Data, Year Six

Activity number	Program category 1) HSE 6) SS 2) NC 7) SSF 3) CD 8) PSF 4) UDC 9) P&A 5) ED 10) BA	Type of activity 1) Categorical 2) CDBG cont'd 3) New CDBG	Activity status 1) Completed 2) In progress 3) Planned	Dollars ($000)	Census tracts	Type benefit 1) Jobs 2) Services 3) Housing 4) Environ. 5) Economic develop. 6) Other--specify	Accept benefits proposition? (Check one)		Income group benefits Please allocate in 5-percentage-point blocks						
							Yes	No	Low	Moderate	Middle	High	Community-wide	Non-allocable	Explanation

Jurisdiction ____________________

Associate ______________________

14. Program Discussion

Note: This table will be completed by the Washington staff; a copy will be sent to you for your records. The data from years 1 to 4 are derived from your previous reports.

Table 8. Program Uses

Program Use	Percent Year 1	Percent Year 2	Percent Year 3	Percent Year 4	Percent Year 5	Percent Year 6
Housing						
Neighborhood conservation						
General development						
Urban renewal continued						
Economic development						
Social services						
Social service facilities						
Other public services and facilities						
Planning and administration						
Multi-category						
Nonallocable						

Jurisdiction ____________________

Associate ____________________

Program Discussion (continued)

14(a) Were there any significant changes in program emphasis between years four and five? Between years five and six? What do you see as the major factors behind these changes (for example, HUD involvement or local factors)? Where you are aware of such changes, please make a Preliminary Statement on this question, subject to your revision when we have provided you the years five and six data on program mix on Table 8. A preliminary statement will aid us in conceptualizing about program institutionalization. Where such changes are not evident from the disaggregated data of Tables 6 and 7 or your own knowledge, you may choose to answer this after Table 8 has been completed and returned to you.

Jurisdiction ____________________

Associate ______________________

Program Discussion (continued)

14(b) Working from the application, what proportion of the CDBG block grant for years five and six went to private, non-profit organizations to implement programs? What types of programs were involved?

Program year	Proportion to non-profits	Type of activities
Five	____%	____________
Six	____%	____________

Jurisdiction ____________________

Associate ____________________

15. Housing Rehabilitation Allocations

Housing rehabilitation continues to be a major CDBG activity. Please describe its evolution in your jurisdiction in the following questions.

15(a) **Please enter the total amount of housing rehabilitation funding in the fifth and sixth years, and the percent of total CDBG funding allocated for housing rehabilitation. This total can be derived by adding line items 12(a)-12(d) of the Cost Summary Table (p. 31a). Do not include 12(e).**

	Amount allocated Total dollars ($000)	Percent of CDBG grant
Year five	________	________ %
Year six	________	________ %

15(b) **In the fifth and sixth years did income levels on eligibility for housing rehab aid change? If so, why, and did the change add or eliminate particular groups of potential participants?**

15(c) Displacement (All Rehab Programs)

Is there any evidence of displacement of low- and moderate-income individuals and families because of any of this jurisdiction's CDBG housing rehabilitation programs? If so, indicate which program and describe the displacement process; e.g., are the low- and moderate-income households being replaced by middle- and high-income households (gentrification)? Why? Where are the displaced people moving?

II. BENEFITS DATA: Tables 6 and 7, Columns G-I

FOR ASSOCIATES OF CENTRAL CITIES AND SATELLITE CITIES ONLY

For program years five and six we wish to examine the question of income group benefits on a project-by-project basis. The benchmark to be used in all jurisdictions is the SMSA median income. The four income groups are defined as follows:

Low income: less than 50 percent of the SMSA median income
Moderate income: 51 to 80 percent of the SMSA median income
Middle income: 81 to 120 percent of the SMSA median income
High income: 121 percent or more of the SMSA median income

In addition, two other categories are included for allocating benefits:

Communitywide: activities in this category yield knowable direct benefits to the community as a whole but the benefits are non-income specified. Such activities might include allocations for testing the community water supply or widening of a downtown arterial street.

Nonallocable: income groups benefiting cannot be determined.

What is a benefit?

Generally, CDBG benefits can be viewed on a continuum, with direct and often observable benefits at one end and indirect and unidentifiable benefits at the other. In this analysis, we are interested in the former, that is, in who benefits or will benefit directly from the completed CDBG project. We are not trying to measure secondary or tertiary benefits. For example, in allocating income group benefits of a housing rehabilitation project, you should consider the income group of the persons occupying the buildings that are rehabilitated. Persons employed to do the repair work and the bank that makes the rehab loan also benefit from the project, but we are not interested in these secondary or indirect benefits. Similarly, in allocating benefits for a senior citizen's center, you should consider the income group of the persons who will use the completed facility and not those who do the construction work, even though the construction jobs come first.

In some cases it will not be possible to anticipate the direct beneficiaries of a completed CDBG project. For example, CDBG funds may be used to build an industrial park before it is known what kind of firms will locate there and thus what kind of persons will be employed. In this case, you may be able to indicate the kind of benefit (i.e., economic development infrastructure) that will result from the completed project but be unable to allocate this benefit to any income group(s).

This focus on direct benefits of completed CDBG projects means that in some jurisdictions our social targeting analysis will not encompass all of the community's CDBG allocation. However, we are convinced that the results of the analysis will be more valid than if income group benefits are artificially allocated for projects where such benefits are really unknown and unknowable.

Benefits Analysis (continued)

Column G. Type of benefit. Using the number code in the column heading, enter the type of program benefit. Will the completed CDBG project provide benefits in the form of jobs? Services? Improved housing? Economic development infrastructures? Environmental improvements (streets, parks, etc.)? If "other" be sure to explain. If a project has more than one type of benefit, enter all the appropriate benefits separating each by a slash (e.g., a project that has jobs, services, and environmental benefits would be entered as follows: 1/2/4).

Column H. Benefits propositions. We have developed a set of propositions about the distribution of benefits by income group, depending on the program category. For each project, consider the proposition for the program category to which you assigned it. If you agree that the proposition accurately describes the distribution of benefits among income groups for that particular project, check the "yes" box and we will calculate the benefits for that project using the data on family income from the census tract printout for your jurisdiction. If you disagree with the benefits proposition, check the "no" box and complete column I. If you agree with the proposition but disagree with the benefits allocation because of dated census tract information, check the "yes" box in column H and allocate benefits in column I. Describe the change in character of the census tract in your explanation in the space provided in column I.

Column I. Income group benefits. If you checked the "no" box in column H, allocate benefits among income groups in five-percentage-point blocks and explain the reasons for your allocation. If you decide that benefits cannot be allocated for a particular project, check the "nonallocable" box and explain why they are nonallocable.

Program Categories and Benefit Propositions

Housing: Benefits are distributed among the four income groups on a proportional basis, based on the percentage of families in each group within each census tract.

Neighborhood Conservation: Same proposition as housing.

General Development: Same proposition as housing.

Urban Renewal Continuation: Benefits are distributed among the four income groups on a proportional basis, based on the percentage of families in the four income groups within the jurisdiction. Note, however, that there may be cases in which you wish to allocate benefits differently. For example, benefits from a commercial office building project may flow primarily to those who work there once the building is opened. Judging that most of these jobs will be middle income, you may want to allocate most of the benefits from this project to middle-income families.

Social Services: Benefits flow solely to low- and moderate-income families and individuals.

Social Service Facilities: Same proposition as social services.

Other Public Services and Facilities: Same proposition as housing.

Economic Development: Same proposition as urban renewal continuation. Note, however, that you may wish to allocate benefits differently. For example, benefits from commercial development projects flow primarily to those who shop there. You may therefore want to allocate benefits to reflect the income characteristics of the neighborhood(s) in which the project is located.

Planning and Administration: Benefits are nonallocable.

Jurisdiction ______________________

Associate ______________________

16. **Benefits Discussion**

Note: Associates for Urban County Jurisdictions answer ONLY Questions 17(b), 17(c), and 17(d).

This table will be completed by the Washington staff; a copy will be sent to you for your records. The data for years 1 to 4 are derived from your earlier reports.

Table 9. Income Group Benefits

Income Group	Percent Year 1	Percent Year 2	Percent Year 3	Percent Year 4	Percent Year 5	Percent Year 6
Low-Mod						
Nonallocable						

16(a) Now that you have completed the benefits analysis for this jurisdiction, were there any significant changes between years four and five? Between years five and six? What do you see as the major factors behind these changes (for example, HUD involvement or local factors)? Where you are aware of such changes, please make a Preliminary Statement on this question, subject to your revision when we have provided you the years five and six data on Table 9. A preliminary statement will aid us in thinking about the direction of change and reasons. Where such changes are not evident from the data of Tables 6 and 7 or your own knowledge, you may choose to answer this after Table 9 has been completed and returned to you.

Jurisdiction ____________________

Associate ____________________

Benefits Discussion (continued)

16(b) Has the distribution of program benefits been an issue in this jurisdiction?

____ yes

____ no

16(c) Please explain.

16(d) How did the jurisdiction report the distribution of low-moderate benefits in its fifth and sixth year applications? Take data from Part E of "Cost Summary".

	% Year 5	% Year 6
Low-moderate income	____	____

Jurisdiction ______________________

Associate ______________________

17. **Geographic Targeting**: URBAN COUNTIES ARE EXCLUDED

In the third report, we indicated that geographic targeting became an issue in over half the jurisdictions. In the following questions, we would like to trace the development of geographic targeting through the first six years, and account for the changes. Send a map with readable census tract numbers showing the target areas for years five and six, or a map with the target areas accompanied by a list of tracts in each target area. Please complete the table below.

		Georgraphic Targeting					
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
17(a)	Number of target areas						
	Percentage of total population in target areas						

c How were the target areas chosen? Consider both demographics and politics.

17(b) If there are any special considerations we should be aware of in analyzing the "number of target areas," please discuss.(e.g., There may be six target areas but the plan at the outset was to phase the spreading in them.)

17(c) How were the target areas chosen? Consider both demographics and politics.

17(d) What has accounted for changes in the number of target areas over the six years (e.g., HUD, local factors)?

PART IV. REVISED BUDGET (ALLOCATION) AND EXPENDITURE DATA

This part of the report form deals with revised budget and expenditure data. The aim is to match revised budget and expenditure data with application data you have already provided to see if communities are doing what they said they were going to do.

Two separate data sets are required: 1) revised budget (allocation) and expenditure data for activities previously reported; 2) program, benefit, and expenditure data for activities that were not included in the original application. There are also a few narrative questions on reprogramming and expenditures.

N.B. We ask you to submit a photocopy of the documents used to obtain this data.

While it may be necessary to use other data sources to complete the tables in this section, you should use as the basic document the "Progress on Planned Activities" tables from the Grantee Performance Report for the first, second, third, and fourth program years. The tables you submit must include the activity numbers exactly as you previously numbered them for the program and benefit tables (see sample next page).

If you use a Financial Report, Comptroller Report, or other sources for some of the data required, also submit photocopies of these documents, showing the corresponding activity numbers. See sample below of a Financial Report.

HUD GRANT IDENTIFICATION NO. 75-MC-25-0026

GRANTEE NAME Worcester, Massachusetts DATE 12/31/77 PERS. COMPLETING THIS REPORT George Ciccone, Den. Hennessy, John Quatrale, Nancy Latka

I. PROGRESS ON PLANNED ACTIVITIES

Proj. I.D. (1)	CD Year 1 Project/Activity Description (2)	Year Begun (3)	Census Tract (4)	Origin (5)	Current Estimated Completion Date (6)	Related Budget Line Item (7)	Current Estimated Cost (8)	AMOUNT OBLIGATED Current Program Year (9)	AMOUNT OBLIGATED Life of Program (10)	AMOUNT EXPENDED Current Program Year (11)	AMOUNT EXPENDED Life of Program (12)
1-13	✓ New Housing Construction ②	1	7306 73'	A	6/76	13.	110,000.00 (3,112,500.00)*	110,000.00 (3,112,500.00)*	110,000.00 3,112,500.00)*	82,180.60	82,180.60
1-14	✓ Small Business Assistance Program ⑨	1	7313 7314	A	5/76	9.	100,000.00 (500,000.00)*	100,000.00 (500,000.00)*	100,000.00 (500,000.00)*	100,000.00	100,000.00
1-15	Quinsigamond Community Center	1	7329.01	A	6/8/76	9.	30,000.00	30,000.00	30,000.00	30,000.00	30,000.00
1-16	/ Webster Sq. Day Care Ctr. ㉞	1	7310 7315	H,G	7/30/76	10.	26,745.37 (72,732.00)*	26,745.37 (72,732.00)*	26,745.37 (72,732.00)*	26,745.37	26,745.37

* Other Sources of Funding

COMMUNITY DEVELOPMENT DEPARTMENT
CITY OF LOS ANGELES

PROGRAM/PROJECT TITLE	YEAR	APPLICATION	BUDGET	EXPENDITURES	ENCUMBRANCES	BALANCE
CALVARY BAPTIST DAY CARE CENTER:	2	39,500	33,763	30,891	0	2,872
	3	43,130	43,139	40,176	2,962	0
	4	45,295	42,295	0	42,295	0
CANFIELD AVENUE ELEMENTARY SCHOOL RECREATION FACILITY:	3	15,000	0	(ALL FUNDS REPROGRAMMED TO OTHER PROJECTS)		
CANOGA PARK SENIOR CITIZEN CTR	1	100,000	100,000	97,208	2,630	160 -Acquisition & Renovat.
	2	0	100,000	97,127	2,872	0
	3	25,000	[illegible]	19,923	5,076	0
	4	168,000	[illegible]	0	0	168,000 - Phase II Renovation
CARLIN G. SMITH RECREATION CENTER	1	17,000	[illegible]	16,011	162	6,826
CASA LOMA INSTITUTE	4	55,000	55,000	0	0	55,000
CENTRAL BUSINESS DISTRICT PLANNING ACTIVITIES	SEE:	CENTRAL BUSINESS DISTRICT REDEVELOPMENT PROJECT				
CENTRAL BUSINESS DISTRICT REDEVELOPMENT PROJECT	1	600,000	1,566,874	1,021,[illegible]	71,800	473,770
	2	50,000	474,856	2[illegible],503	0	209,353
	4	1,700,000	1,700,000	0	0	700,000
CENTRAL CITY ACTION COMMITTEE:	2	10,000	10,000	10,000	0	0
	3	82,000	96,762	88,062	7,757	943
	4	86,510	70,748	0	0	70,748
ENTRAL CITY COMMUNITY MENTAL HEALTH FACILITY	4	150,000	150,000	0	0	150,000
ENTRO DE NINOS CHILD CARE CENTER:	2	36,750	29,810	27,209	122	2,478
	3	48,710	56,931	54,741	2,190	0
	4	51,389	43,168	0	0	43,168
HABAD HOUSE	3	225,000	225,000	225,000	0	0
	4	225,000	225,000	225,000	0	0
HALLENGER BOYS CLUB	4	100,000	100,000	0	0	100,000
HATSWORTH RESERVOIR	3	100,000	0	(ALL FUNDS REPROGRAMMED TO OTHER PROJECTS)		
HILD CARE AND DEVELOPMENT	SEE:	L. A. CHILD CARE AND DEVELOPMENT COUNCIL, INC.				
HILDREN'S CENTER FOR EDUCATIONAL THERAPY:	SEE:	MILESTONE CENTER FOR EDUCATIONAL THERAPY				

Sample

TABLES 10 to 13. REVISED BUDGET AND EXPENDITURE DATA

Using the "Progress on Planned Activities" tables from the Grantee Performance Report (GPR), assign the same number to each individual project listed that you assigned that activity on the program tables submitted for years one through four. It is essential that activities numbers for Tables 10 to 13 be the same as those you previously gave since this data will be added to the existing data taken from the applications. Activities added because of reprogramming or from the contingency fund will be recorded on separate tables, picking up the next number in sequence.

A photocopy of the complete "Progress on Planned Activities" tables (for each year), and other data sources, with the assigned numbers should be submitted along with Tables 10 to 13.

The following instructions should be used for completing Tables 10 to 13:

Activity number column	The numbers listed must be exactly the same as those you provided previously for the application data. Follow the same sequence, 1, 2, 3.... Also, insert a few words to identify the activity: e.g., "Main Street park."
Column J.	Activity status. Use the number code in the column heading. This information is needed to tell us which activities in the original application were dropped as the program progressed.
Column K.	In changing allocation amounts, the area covered by the activity may also be changed. If changed, list the tracts covered. If not changed, mark "Same."
Column L.	CDBG year begun. This should be taken directly from the GPR table, using column "Year Begun."
Column M.	Dollars finally allocated or budgeted. In most cases this will come from the GPR, using the dollar figure from the column "Obligated--Current Program Year." It may be necessary, however, to go to another source for this data. The important point is that we need to know if, during the program year, the amount of money allocated to an activity was changed. You should insert the final amount allocated. In some cases it will be different from the application; frequently it will be the same. Do not calculate any change; we will do that by comparing the amount you put in this column with the amount you previously reported in the application.

Column N. **Dollars spent. For each activity put the amount of money actually spent (checks written) for that activity at the end of the program year. In most cases, this will come from the column "Expended--Current Program Year," but in some cases other data sources may be needed.**

Table 10. Revised Budget and Expenditure Data, Year One

Jurisdiction ____________________

Associate ____________________

:ty n. **Activity number** (must be same as program table) Insert a few words to identify activity	(J) **Activity status** 1) Completed 2) In progress 3) Planned 4) Deleted 5) Deleted but reinserted in later program year	(K) Census tracts	(L) CDBG year begun	(M) Dollars finally allocated ($000)	(N) Expended at end of program year ($000)

Table 11. Revised Budget and Expenditure Data, Year Two

Jurisdiction ____________________

Associate ____________________

Activity number (must be same as program table) Insert a few words to identify activity	(J) Activity status 1) Completed 2) In progress 3) Planned 4) Deleted 5) Deleted but reinserted in later program year	(K) Census tracts	(L) CDBG year begun	(M) Dollars finally allocated ($000)	(N) Expended at end of program year ($000)

Table 12. Revised Budget and Expenditure Data, Year Three

Jurisdiction ______________________

Associate ______________________

Activity number (must be same as program table) Insert a few words to identify activity	(J) Activity status 1) Completed 2) In progress 3) Planned 4) Deleted 5) Deleted but reinserted in later program year	(K) Census tracts	(L) CDBG year begun	(M) Dollars finally allocated ($000)	(N) Expended at end of program year ($000)

Table 13. Revised Budget and Expenditure Data, Year Four Jurisdi Jurisdiction ____________

Associate ____________

Activity number (must be same as program table) Insert a few words to identify activity	(J) Activity status 1) Completed 2) In progress 3) Planned 4) Deleted 5) Deleted but reinserted in later program year	(K) Census tracts	(L) CDBG year begun	(M) Dollars finally allocated ($000)	(N) Expended at end of program year ($000)

Jurisdiction ________________

Associate ________________

18 **Rate of Expenditure for Total CDBG Program**

18(a) In the table below please provide the overall rates of spending for your jurisdiction.

Program year	Percent of grant expended at the end of:			
	Year 1	Year 2	Year 3	Year 4
1	____	____	____	____
2	NA	____	____	____
3	NA	NA	____	____
4	NA	NA	NA	____

18(b) What factors have led to any delays in spending?

Jurisdiction ________________

Associate ___________________

19 Rate of Housing Rehabilitation Expenditures

19(a) In the table below please provide the housing rehabilitation rates of spending for your jurisdiction. The percent should be based on the final allocation figure of the program year.

Program year	Percent of Rehabilitation expended at the end of: Year 1	Year 2	Year 3	Year 4
1	____	____	____	____
2	NA	____	____	____
3	NA	NA	____	____
4	NA	NA	NA	____

19(b) What factors have led to any delays in spending?

Jurisdiction ____________________

Associate ____________________

20. **Are there any special accounting or reporting procedures in this jurisdiction of which we should be aware in interpreting the expenditure data?**

21. **To what extent are expenditure rates in your jurisdiction good indicators of program progress? Does this vary by program category. Please explain.**

TABLES 14 to 17. PREVIOUSLY UNREPORTED ACTIVITIES

The attached tables are to be completed for each year in which the activities were carried out that were not included in the application. There are two primary sources for such activities: 1) funds reprogrammed from other activities; 2) the contingency or unspecified local option fund. However, there may be other sources of funds such as income earned from an activity. These unreported activities are an important part of the story of whether communities are doing what they said they intended to do in their applications.

IMPORTANT: These activities will appear on the "Progress in Planned Activities" tables from the Grantee Performance Report. They are the activities remaining after you have done the matching for Tables 10 to 13.

Instructions for completing Tables 14 to 17:

Column A.	Activity number. For each program year pickup the next number in the sequence for that year. For example, if you originally listed 45 activities in year one, start with number 46 for that year. Be sure these numbers are on photocopies of the "Progress on Planned Activities" tables you send to us.
Column B.	See program definitions on p. 34 of report form.
No Column C.	
Column D.	See p. 33.
Column E.	Dollars. In most cases data can be taken from GPR, using column "Obligated--Current Program Year." However, in some cases other sources may be needed. Report in thousands.
Column F.	See p. 33.
No Column G.	
Column H.	See p. 42.
Column H.	See p. 42
No Column J.	
No Column K.	
Column L.	See p. 50
No Column M.	
Column N.	See p. 51
Column O.	Source of funds. Report by number coding in heading.

Jurisdiction ____________

Associate ____________

Table 14. Previously Unreported Activities, Year One

Activity number	Program category 1) HSE 6) SS 2) NC 7) ESF 3) GD 8) PSF 4) UNC 9) P&A 5) ED 10) RA	Type of activity 1) Categorical 2) CDBG cont'd 3) New CDBG	Activity status 1) Completed 2) In progress 3) Planned	Dollars ($000)	Census tracts	Type benefit 1) Jobs 2) Services 3) Housing 4) Environ. 5) Economic develop. 6) Other—specify	Accept benefits proposition? (check one)		Income group benefits Please allocate in 5-percentage-point blocks						
							Yes	No	Low	Moderate	Middle	High	Community-wide	Non-allocable	Explanation

Table 14 continued

Jurisdiction ______________

Associate ______________

(L) CDBG year begun	(N) Expended at end of program year ($000)	(O) Source of funds 1) Reprogramming 2) Contingency fund 3) Other (specify)

Table 15. Previously Unreported Activities, Year Two

Jurisdiction ______________

Associate ______________

Activity number	Program category 1) [illegible] 6) [illegible] 2) MC 7) [illegible] 3) [illegible] 8) [illegible] 4) [illegible] 9) [illegible] 5) [illegible] 10) [illegible]	Type of activity 1) Categorical 2) CDBG cont'd 3) New CDBG	Activity status 1) Completed 2) In progress 3) Planned	Dollars ($000)	Census tracts	Type benefit 1) Jobs 2) Services 3) Housing 4) Environ. 5) Economic develop. 6) Other—specify	Accept benefits proposition? (Check one)		Income group benefits Please allocate in 5-percentage-point blocks						
							Yes	No	Low	Moderate	Middle	High	Community-wide	Non-allocable	Explanation
															Round IV p. 60 b

Table 15 continued

Jurisdiction ______________

Associate ______________

(L) CDBG year begun	(N) Expended at end of program year ($000)	(O) Source of funds 1) Reprogramming 2) Contingency fund 3) Other (specify)

Table 16. Previously Unreported Activities, Year Three

Jurisdiction ______________

Associate ______________

Activity number	Program category 1) HRE 6) SS 2) NC 7) SSF 3) GD 8) PSF 4) URC 9) PAA 5) ED 10) RA	Type of activity 1) Categorical 2) CDBG cont'd 3) New CDBG	Activity status 1) Completed 2) In progress 3) Planned	Dollars (\$000)	Census tracts	Type benefit 1) Jobs 2) Services 3) Housing 4) Environ. 5) Economic develop. 6) Other—specify	Accept benefits proposition? (CHECK one)		Income group benefits Please allocate in 5-percentage-point blocks						
							Yes	No	Low	Moderate	Middle	High	Community-wide	Non-allocable	Explanation

Round IV
p. 62

Table 16 continued

Jurisdiction ______________

Associate ______________

(L) CDBG year begun	(N) Expended at end of program year ($000)	(O) Source of funds 1) Reprogramming 2) Contingency fund 3) Other (specify)

Table 17. Previously Unreported Activities, Year Four

Jurisdiction ______________

Associate ______________

Activity number	Program category 1) [illegible] 6) OS 2) MC 7) NDP 3) [illegible] 8) [illegible] 4) [illegible] 9) P&A 5) [illegible] 10) [illegible]	Type of activity 1) Categorical 2) CDBG cont'd 3) New CDBG	Activity status 1) Completed 2) In progress 3) Planned	Dollars ($000)	Census tracts	Type benefit 1) Jobs 2) Services 3) Housing 4) Environ. 5) Economic develop. 6) Other—specify	Accept benefits proposition? (check one)		Income group benefits Please allocate in 5-percentage-point blocks						
							Yes	No	Low	Moderate	Middle	High	Community-wide	Non-allocable	Explanation
															Round IV p. 63

Table 17 continued

Jurisdiction ____________

Associate ____________

(L) CDBG year begun	(N) Expended at end of program year ($000)	(O) Source of funds 1) Reprogramming 2) Contingency fund 3) Other (specify)

Jurisdiction ____________________

Associate ______________________

Your discussion here will be the principal source of information for fleshing out the quantitative data on reprogramming and for writing capsules, so please make it as complete as possible.

22. What has accounted for any major changes in the allocations of funds within a program year in this jurisdiction (e.g., implementation problems, political factors, etc.)? Please refer to the specific program years and program categories involved in the discussion.

PART V IMPLEMENTATION

IMPLEMENTATION

Program execution or implementation has become a major CDBG issue. In this section we want to identify the nature and frequency of implementation problems and their causes and resolutions.

Tables 19-27 Implementation Problems

We need very specific information on implementation problems arising in the first five years of CDBG in your jurisdiction. The responses are to be given for three time frames: 1) years one and two, and 2) years three and four, and 3) year five. Tables 18-26, similar in format to the intergovernmental tables, are provided for these responses.

The tables correspond to the three basic types of implementation problems identified in the third CDBG report--local administrative, intergovernmental, and cost problems. Referring to the definitions below, choose the category that is most appropriate for each problem that arose in your jurisdiction and describe the problem briefly in the corresponding table.

In addition to the brief description of each problem, the tables call for the following information and assessments:

- The program category in which the problem arose (see program definitions of Part III)
- The resolution of the problem.

Associates for urban counties need not report on implementation problems of the participating municipalities.

Categories of Implementation Problems
(See Chapter 7 of Targeting report)

Local administrative problems (Tables 18-20) Involve the lack of program experience by the local government or a high degree of program complexity, lack of cooperation from line departments or other local agencies, and lack of cooperation from the for-profit private sector.

Intergovernmental problems (Tables 21-23) Involve clearance problems with non-local agencies, including HUD, and the coordination of CDBG funds with those from other sources.

Cost problems (Tables 24-26) Involve unanticipated high cost of land, construction, or other components required in the CDBG program, and costs that were not anticipated when the project was included in the application.

Following the tables are a series of open-ended questions to flesh out the context of the execution problems identified in Tables 18-26.

Table [illegible]. Implementation: LOCAL ADMINISTRATIVE PROBLEMS: YEARS 1-2

Jurisdiction ______________

(If more than one problem arose within a subcategory, list each separately.)

Associate ______________

Brief description of problem	Program category 1) HSE (specify if rehab) 2) NC 7) SSF 3) GD 8) PSF 4) URC 9) P&A 5) ED 6) SS (Use number code)	Resolution 1) problem solved 2) steady progress being made toward solution 3) little progress, but seems solveable 4) major impasse, funds reprogrammed 5) major impasse, program design changed 6) other (explain) (Use number code)
Lack of experience in local government and complexity of program design		
Lack of cooperation from line departments and other agencies of local government		

Table 18. Implementation: LOCAL ADMINISTRATIVE PROBLEMS: YEARS 1-2 (cont.) **Jurisdiction** ______________

(If more than one problem arose within a subcategory, list each separately.) **Associate** ______________

Brief description of problem	**Program category** 1) HSE (specify if rehab) 2) NC 7) SSF 3) GD 8) PSF 4) URC 9) P&A 5) ED 6) SS (Use number code)	**Resolution** 1) problem solved 2) steady progress being made toward solution 3) little progress, but seems solveable 4) major impasse, funds reprogrammed 5) major impasse, program design changed 6) other (explain) (Use number code)
Lack of cooperation from for-profit private sector		
Citizen participation		
Other (explain)		

Table 19. Implementation: LOCAL ADMINISTRATIVE PROBLEMS: YEARS 3-4

Jurisdiction ________________

(If more than one problem arose within a subcategory, list each separately.)

Associate ________________

Brief description of problem	Program category 1) HSE (specify if rehab) 2) NC 7) SSF 3) GD 8) PSF 4) URC 9) P&A 5) ED 6) SS (Use number code)	Resolution 1) problem solved 2) steady progress being made toward solution 3) little progress, but seems solveable 4) major impasse, funds reprogrammed 5) major impasse, program design changed 6) other (explain) (Use number code)
Lack of experience in local government and complexity of program design		
Lack of cooperation from line departments and other agencies of local government		

Table 19. Implementation: LOCAL ADMINISTRATIVE PROBLEMS: YEARS 3-4 (cont.) Jurisdiction ______________

(If more than one problem arose within a subcategory, list each separately.) Associate ______________

Brief description of problem	Program category 1) HSE (specify if rehab) 2) NC 7) SSF 3) GD 8) PSF 4) URC 9) P&A 5) ED 6) SS (Use number code)	Resolution 1) problem solved 2) steady progress being made toward solution 3) little progress, but seems solveable 4) major impasse, funds reprogrammed 5) major impasse, program design changed 6) other (explain) (Use number code)
Lack of cooperation from for-profit private sector		
Citizen participation		
Other (explain)		

Table 20. Implementation: LOCAL ADMINISTRATIVE PROBLEMS: YEAR 5

(If more than one problem arose within a subcategory, list each separately.)

Jurisdiction ____________

Associate ____________

Brief description of problem	Program category 1) HSE (specify if rehab) 2) NC 7) SSF 3) GD 8) PSF 4) URC 9) P&A 5) ED 6) SS (Use number code)	Resolution 1) problem solved 2) steady progress being made toward solution 3) little progress, but seems solveable 4) major impasse, funds reprogrammed 5) major impasse, program design changed 6) other (explain) (Use number code)
Lack of experience in local government and complexity of program design		
Lack of cooperation from line departments and other agencies of local government		

Table 20. Implementation: LOCAL ADMINISTRATIVE PROBLEMS: YEAR 5 (cont.)

(If more than one problem arose within a subcategory, list each separately.)

Jurisdiction ______________

Associate ______________

Brief description of problem	Program category 1) HSE (specify if rehab) 2) NC 7) SSF 3) GD 8) PSF 4) URC 9) P&A 5) ED 6) SS (Use number code)	Resolution 1) problem solved 2) steady progress being made toward solution 3) little progress, but seems solveable 4) major impasse, funds reprogrammed 5) major impasse, program design changed 6) other (explain) (Use number code)
Lack of cooperation from for-profit private sector		
Citizen participation		
Other (explain)		

Table 21. Implementation: INTERGOVERNMENTAL PROBLEMS: YEARS 1-2

Jurisdiction ______________

(If more than one problem arose within a subcategory, list each separately.)

Associate ______________

Brief description of problem	Program category 1) HSE (specify if rehab) 2) NC 7) SSF 3) GD 8) PSF 4) URC 9) P&A 5) ED 6) SS (Use number code)	Resolution 1) problem solved 2) steady progress being made toward solution 3) little progress, but seems solveable 4) major impasse; funds reprogrammed 5) major impasse, program design changed 6) other (explain) (Use number code)
Clearance from non-local agencies (including HUD)		
Coordination of CDBG funds from other sources		

Table 21. Implementation: INTERGOVERNMENTAL PROBLEMS: YEARS 1-2 (continued) Jurisdiction ______________

(If more than one problem arose within a subcategory, list each separately.) Associate ______________

Brief description of problem	Program category 1) HSE (specify if rehab) 2) NC 7) SSF 3) GD 8) PSF 4) URC 9) P&A 5) ED 6) SS (Use number code)	Resolution 1) problem solved 2) steady progress being made toward solution 3) little progress, but seems solveable 4) major impasse, funds reprogrammed 5) major impasse, program design changed 6) other (explain) (Use number code)
Other (explain)		

Table 22. Implementation: INTERGOVERNMENTAL PROBLEMS: YEARS 3-4 **Jurisdiction** ______________

(If more than one problem arose within a subcategory, list each separately.) **Associate** ______________

Brief description of problem	Program category 1) HSE (specify if rehab) 2) NC 7) SSF 3) GD 8) PSF 4) URC 9) P&A 5) ED 6) SS (Use number code)	Resolution 1) problem solved 2) steady progress being made toward solution 3) little progress, but seems solveable 4) major impasse; funds reprogrammed 5) major impasse, program design changed 6) other (explain) (Use number code)
Clearance from non-local agencies (including HUD)		
Coordination of CDBG funds from other sources		

Table 22. Implementation: INTERGOVERNMENTAL PROBLEMS: YEARS 3-4 (continued) Jurisdiction ______________

(If more than one problem arose within a subcategory, list each separately.) Associate ______________

Brief description of problem	Program category 1) HSE (specify if rehab) 2) NC 7) SSF 3) GD 8) PSF 4) URC 9) P&A 5) ED 6) SS (Use number code)	Resolution 1) problem solved 2) steady progress being made toward solution 3) little progress, but seems solveable 4) major impasse, funds reprogrammed 5) major impasse, program design changed 6) other (explain) (Use number code)
Other (explain)		

Table 23. Implementation: INTERGOVERNMENTAL PROBLEMS: YEAR 5

Jurisdiction ______________

(If more than one problem arose within a subcategory, list each separately.)

Associate ______________

Brief description of problem	Program category 1) HSE (specify if rehab) 2) NC 7) SSF 3) GD 8) PSF 4) URC 9) P&A 5) ED 6) SS (Use number code)	Resolution 1) problem solved 2) steady progress being made toward solution 3) little progress, but seems solveable 4) major impasse; funds reprogrammed 5) major impasse, program design changed 6) other (explain) (Use number code)
Clearance from non-local agencies (including HUD)		
Coordination of CDBG funds from other sources		

Table 23. Implementation: INTERGOVERNMENTAL PROBLEMS: YEAR 5 (continued) Jurisdiction ______________

(If more than one problem arose within a subcategory, list each separately.) Associate ______________

Brief description of problem	Program category 1) HSE (specify if rehab) 2) NC 7) SSF 3) GD 8) PSF 4) URC 9) P&A 5) ED 6) SS (Use number code)	Resolution 1) problem solved 2) steady progress being made toward solution 3) little progress, but seems solveable 4) major impasse, funds reprogrammed 5) major impasse, program design changed 6) other (explain) (Use number code)
Other (explain)		

Table 24. Implementation: COST PROBLEMS: YEARS 1-2

(If more than one problem arose within a subcategory, list each separately.)

Jurisdiction ____________

Associate ____________

Brief description of problem	Program category 1) HSE (specify if rehab) 2) NC 7) SSF 3) GD 8) PSF 4) URC 9) P&A 5) ED 6) SS (Use number code)	Resolution 1) problem solved 2) steady progress being made toward solution 3) little progress, but seems solveable 4) major impasse, funds reprogrammed 5) major impasse, program design changed 6) other (explain) (Use number code)
Land costs		
Construction costs		

Table 24. Implementation: COST PROBLEMS: YEARS 1-2 (continued)

Jurisdiction ________________

(If more than one problem arose within a subcategory, list each separately.)

Associate ________________

Brief description of problem	Program category 1) HSE (specify if rehab) 2) NC 7) SSF 3) GD 8) PSF 4) URC 9) P&A 5) ED 6) SS (Use number code)	Resolution 1) problem solved 2) steady progress being made toward solution 3) little progress, but seems solveable 4) major impasse, funds reprogrammed 5) major impasse, program design changed 6) other (explain) (Use number code)
Other (explain)		

Table 25. Implementation: COST PROBLEMS: YEARS 3-4

Jurisdiction ____________

(If more than one problem arose within a subcategory, list each separately.)

Associate ____________

Brief description of problem	Program category 1) HSE (specify if rehab) 2) NC 7) SSF 3) GD 8) PSF 4) URC 9) P&A 5) ED 6) SS (Use number code)	Resolution 1) problem solved 2) steady progress being made toward solution 3) little progress, but seems solveable 4) major impasse, funds reprogrammed 5) major impasse, program design changed 6) other (explain) (Use number code)
Land costs		
Construction costs		

Table 25. Implementation: COST PROBLEMS: Years 3-4 (continued)

(If more than one problem arose within a subcategory, list each separately.)

Jurisdiction ____________

Associate ____________

Brief description of problem	Program category 1) HSE (specify if rehab) 2) NC 7) SSF 3) GD 8) PSF 4) URC 9) P&A 5) ED 6) SS (Use number code)	Resolution 1) problem solved 2) steady progress being made toward solution 3) little progress, but seems solveable 4) major impasse, funds reprogrammed 5) major impasse, program design changed 6) other (explain) (Use number code)
Other (explain)		

Table 26. Implementation: COST PROBLEMS: YEAR 5

Jurisdiction ______________

(If more than one problem arose within a subcategory, list each separately.)

Associate ______________

Brief description of problem	Program category 1) HSE (specify if rehab) 2) NC 7) SSF 3) GD 8) PSF 4) URC 9) P&A 5) ED 6) SS (Use number code)	Resolution 1) problem solved 2) steady progress being made toward solution 3) little progress, but seems solveable 4) major impasse, funds reprogrammed 5) major impasse, program design changed 6) other (explain) (Use number code)
Land costs		
Construction costs		

Table 26. Implementation: COST PROBLEMS: YEAR 5 (continued)

Jurisdiction ______________

(If more than one problem arose within a subcategory, list each separately.)

Associate ______________

Brief description of problem	Program category 1) HSE (specify if rehab) 2) NC 7) SSF 3) GD 8) PSF 4) URC 9) P&A 5) ED 6) SS (Use number code)	**Resolution** **1) problem solved** **2) steady progress being made toward solution** **3) little progress, but seems solveable** **4) major impasse, funds reprogrammed** **5) major impasse, program design changed** **6) other (explain)** **(Use number code)**
Other (explain)		

Jurisdiction ____________________

Associate ____________________

Implementation Problems

23. If there have been major implementation problems in your jurisdiction discuss how they arose and what action was taken to deal with them; e.g., were problems resolved so that the program could be carried out, or was the program changed? Assess the problems in terms of local administrative capacity, intergovernmental factors, cost problems, etc. Your discussion here will be the principal source of information for fleshing out the quantitative analysis and for writing the report capsules, so please make it as complete as possible.

Jurisdiction ____________________

Associate ____________________

23(a) **Discuss major implementation problems associated with the private for-profit sector such as private lending institutions, construction contractors, etc?**

23(b) **Discuss implementation problems associated with the citizen participation process in your jurisdiction. Were these problems specific to citizen participation under CDBG, or did they relate to long-standing procedures or political interests?**

Jurisdiction ______________

Associate ______________

Implementation Successes

24. If there were no major implementation problems in your jurisdiction (refer to Tables 18-26), how do you account for this?

Jurisdiction ____________________

Associate ____________________

25. If, and where possible, we would like to discuss factors responsible for the successful implementation of CDBG, both in jurisdictions which had implementation problems and those which did not. In the following questions discuss CDBG activities that were successfully implemented in your jurisdiction.

25(a) To what extent was procedural innovation a factor in the successful implementation of the program? Did this vary by program type? If so, how?

25(b) To what extent did local administrative capacity account for successful implementation of the program? Did this vary by type of program? If so, how?

Jurisdiction ____________

Associate ____________

25(c) To what extent did the private for-profit sector account for successful program emplementation? Did this vary by type of program? IF so, how?

25(d) What other factors account for successful program implementation? Did this vary by type of program? If so, how?

26. Generally discuss the role and influence of non-profit organizations in the CDBG program as they have evolved in your jurisdiction. To what extent have they aided or hindered the implementation of the program. Give examples.

Jurisdiction ______________________

Associate ______________________

27. Over the six-year history of CDBG, what impact has the program had on the development needs of the jurisdiction? Which actors would most agree with your assessment? Which actors would most disagree with your assessment? Why?

APPENDIX 2

Brookings Monitoring Sample, Showing Descriptive Statistics

Appendix 2. Brookings Monitoring Sample, Showing Descriptive Statistics, Alphabetically by State

Jurisdiction	Type of jurisdiction	Urban conditions index (mean=100)*	CDBG population 1975 (thousands)	Percent population change 1960-75 (U.S.= +18.8)	Percent poverty 1970 (U.S.= 14.0)	Percent overcrowded housing 1970 (U.S.= 7.0)	Percent pre-1940 housing 1970 (U.S.= 40.6)
ARIZONA							
Phoenix	CC	21	664	+51.4	11.6	8.9	11.2
Scottsdale	SC	1	77	+673.3	5.1	4.5	1.1
CALIFORNIA							
El Monte	SC	11	67	+414.3	13.3	12.7	16.7
Huntington Beach	SC	1	149	+1,202.7	5.1	4.8	3.7
Los Angeles	CC	89	2,727	+10.0	13.0	8.4	32.2
Los Angeles County	UC	51	1,936	-4.1	9.7	n.a.**	21.4
Orange County	UC	3	545	+215.0	5.7	n.a.	5.3
San Jose	CC	11	555	+172.1	8.6	7.6	13.9
Santa Clara	SC	53	82	+40.6	7.6	6.3	6.3
COLORADO							
Denver	CC	131	484	-1.9	13.4	5.2	41.0
Lakewood	SC	7	120	NA	4.6	3.0	6.2
FLORIDA							
Dade County	UC	10	863	+68.1	11.3	n.a.	5.8
Jacksonville	CC	31	535	+166.1	16.8	8.1	20.9
Miami	CC	114	365	+25.2	20.3	20.6	29.9
Miami Beach	SC	76	94	+48.9	18.9	8.4	25.4
GEORGIA							
Atlanta	CC	157	436	-10.5	19.8	10.5	30.3
DeKalb County	UC	8	389	+75.5	4.9	n.a.	11.7
ILLINOIS							
Chicago	CC	255	3,099	-12.7	14.3	9.5	66.5
Cook County	UC	12	1,613	+52.7	3.9	n.a.	19.6
Evanston	SC	95	77	-3.3	6.5	3.4	60.3
IOWA							
Sioux City	CC	172	86	-3.9	10.5	6.7	67.0

Appendix 2 continued

Jurisdiction	Type of jurisdiction	Urban conditions index (mean= 100)*	CDBG population 1975 (thousands)	Percent population change 1960–75 (U.S.= +18.8)	Percent poverty 1970 (U.S.= 14.0)	Percent over-crowded housing 1970 (U.S.= 7.0)	Percent pre-1940 housing 1970 (U.S.= 40.6)
MAINE							
Auburn	CC	199	23	-4.7	10.9	7.2	74.1
Portland	CC	317	60	-17.5	14.7	5.8	76.1
MASSACHUSETTS							
Boston	CC	303	637	-8.7	15.3	7.2	77.2
Cambridge	SC	251	102	-4.9	12.8	5.6	79.7
Worcester	CC	188	171	-8.1	9.9	5.4	74.4
MICHIGAN							
East Lansing	CC	29	50	+66.9	10.7	4.8	18.8
Lansing	CC	92	127	+17.6	9.9	6.3	46.5
MINNESOTA							
Hennepin County	UC	7	363	+48.1	3.4	n.a.	12.6
Minneapolis	CC	234	378	-21.7	11.5	4.3	68.1
MISSOURI							
St. Louis	CC	487	525	-30.0	19.7	12.3	73.9
St. Louis County	UC	17	766	+33.8	4.4	n.a.	22.0
NEW JERSEY							
East Orange	SC	186	73	-4.9	11.1	5.1	67.8
Newark	CC	422	340	-16.2	22.1	14.3	68.4
NEW YORK							
Greece	SC	8	76	+56.9	2.8	3.3	18.6
Mount Vernon	SC	174	68	-10.9	9.3	8.3	71.1
New York	CC	222	7,481	-3.9	14.7	9.9	62.1
Rochester	CC	266	267	-16.1	12.0	5.3	79.5
NORTH CAROLINA							
Durham	CC	118	101	+29.3	19.4	8.1	33.6
Raleigh	CC	52	134	+42.9	12.8	6.5	24.8

Appendix 2 continued

Jurisdiction	Type of juris-diction	Urban condi-tions index (mean= 100)*	CDBG population 1975 (thousands)	Percent population change 1960-75 (U.S.= +18.8)	Percent poverty 1970 (U.S.= 14.0)	Percent over-crowded housing 1970 (U.S.= 7.0)	Percent pre-1940 housing 1970 (U.S.= 40.6)
OHIO							
Cleveland	CC	400	639	-27.1	17.0	7.1	73.3
Cleveland Heights	SC	113	51	-17.2	5.5	1.2	72.7
PENNSYLVANIA							
Allegheny County	UC	121	897	+2.5	6.2	n.a.	85.0
Philadelphia	CC	271	1,815	-9.3	15.1	5.9	69.5
Pittsburgh	CC	344	458	-24.1	15.0	6.3	74.4
SOUTH CAROLINA							
Columbia	CC	111	112	+14.6	17.8	7.9	30.3
SOUTH DAKOTA							
Sioux Falls	CC	86	74	+12.9	9.3	6.4	44.3
TEXAS							
Harris County	UC	10	437	+112.4	9.2	n.a.	9.7
Houston	CC	40	1,326	+41.4	13.9	10.0	17.3
Lubbock	CC	34	164	+27.1	16.2	10.5	11.3
Plainview	NM-Dis.	105	20	+8.0	20.4	11.2	23.6
WASHINGTON							
King County	UC	11	590	+61.6	5.3	n.a.	14.2
Seattle	CC	128	487	-12.6	10.0	3.3	47.6

Source: Monitoring sample data and formula data elements are from the U.S. Department of Housing and Urban Development.

Note:

CC = central city
SC = satellite city (city of 50,000 but not a central city)
UC = urban county
NM-HH = nonmetropolitan hold-harmless entitlement jurisdiction
NM-Dis. = nonmetropolitan discretionary jurisdiction

* Jurisdictions above 100 are generally less well off than those below in the mean
** Not available.

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